Pages 1 - 111

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

BEFORE THE HONORABLE WILLIAM H. ALSUP, JUDGE

WAYMO LLC, Plaintiff, VS. UBER TECHNOLOGIES, INC.; OTTOMOTTO LLC; OTTO TRUCKING LLC, Defendants.	)	**No. C 17-0939 WHA**

San Francisco, California
Tuesday, November 14, 2017

TRANSCRIPT OF PROCEEDINGS

APPEARANCES:

For Plaintiff:

QUINN, EMANUEL, URQUHART & SULLIVAN LLP
50 California Street, 22nd Floor
San Francisco, California 94111

BY: DAVID ANDREW PERLSON, ESQUIRE
DAVID EISEMAN IV, ESQUIRE
JORDAN R. JAFFE, ESQUIRE
LINDSAY COOPER, ESQUIRE
JOHN W. McCAULEY IV, ESQUIRE

(Appearances continued on next page)

Reported By: Katherine Powell Sullivan, CSR #5812, RMR, CRR
Official Reporter - U.S. District Court

APPEARANCES (CONTINUED):

For Defendant Uber Technologies, Inc. and Ottomotto LLC:

MORRISON & FOERSTER LLP
425 Market Street
San Francisco, California 94105-2482
BY: ARTURO J. GONZÁLEZ, ESQUIRE
ESTHER K. CHANG, ESQUIRE
RACHEL S. DOLPHIN, ESQUIRE

SUSMAN GODFREY LLP
1301 Avenue of the Americas, 32nd Floor
New York, New York 10019
BY: WILLIAM C. CARMODY, ESQUIRE

SUSMAN GODFREY LLP
1201 Third Avenue, Suite 3800
Seattle, Washington 98101
BY: MATTHEW ROBERT BERRY, ESQUIRE

BOIES SCHILLER FLEXNER LLP
1401 New York Avenue NW
Washington, DC 20005
BY: KAREN L. DUNN, ESQUIRE

BOIES SCHILLER FLEXNER LLP
435 Tasso Street, Suite 205
Palo Alto, California 94301
BY: MEREDITH R. DEARBORN, ESQUIRE

Special Master:

FARELLA, BRAUN & MARTEL LLP
Russ Building
235 Montgomery Street
San Francisco, California 94104
BY: JOHN L. COOPER, ESQUIRE

Tuesday, November 14, 2017 **8:10 a.m.**

P-R-O-C-E-E-D-I-N-G-S

---000---

THE CLERK: Calling civil action 17-939, Waymo LLC versus Uber Technology, Inc.

Counsel, please approach the podium and state your appearances for the record.

MR. PERLSON: Good morning, Your Honor. David Perlson, of Quinn Emanuel, for plaintiff Waymo. With me is David Eiseman, Lindsay Cooper, John McCauley, and Jordan Jaffe.

THE COURT: Great. Welcome to all of you.

MR. PERLSON: Good morning.

MR. GONZÁLEZ: Good morning, Your Honor. Arturo González, Esther Kim Chang, and Rachel Dolphin, from Morrison & Foerster, for Uber.

MS. DUNN: Good morning, Your Honor. Karen Dunn and Meredith Dearborn, from Boise Schiller Flexner, for Uber.

MS. DEARBORN: Good morning, Your Honor.

MR. BULAND: Good morning, Your Honor. Cory Buland and Matt Berry, from Susman Godfrey, for Uber.

MR. COOPER: Good morning, Your Honor. John Cooper, special master.

THE COURT: Good morning to all of you. Thank you.

So, first, my law clerk will give each side a revised

special verdict form. I don't think we'll have time today to go over it. But you will see, it will give you a word of why I have adopted the first form of question as I have.

In drafting the prior form, I realized there was this problem that you have at trials -- which I know you recognize it too -- which is the possibility that the jury would get hung up on, say, trade secret number X, on the very first question, and could come to an impasse on what are trade secrets.

But if they had reversed the order and done a different question, they would have easily decided that it either was or was not -- let's say, in this case, was not used or disclosed. But they never would have reached that question because they were hung up on whether or not it was a valid trade secret to begin with.

I tried to figure out how would we -- do we instruct the jury that they could jump ahead.

Well, anyway, I put the question of use and disclosure first because I thought that was the one where they were most easily -- if they were going to decide that there was no infringement, that that's where they would come up, and that that was an easier decision for the jury to make in this case than whether it was a valid trade secret.

However, both of you disagreed with my approach, for your own reasons, I'm sure. But, nevertheless, I respect you.

So I went back to the drawing board. And I have solved

that whole problem with this form. This form is a different setup, but it allows the jury to say "no" in any column. And that's the end of that trade secret for good. Four columns, four "no," history.

So, no, we're not going to discuss it now. So you can discuss it at final pretrial conference. But I wanted you to know why I came up with that setup. So you all can make your arguments to me later on that.

But both of you, both sides were inviting disaster by inviting the jury to get hung up on a question and not reach some easier question down the road. And that, to me, is unacceptable. And we need to be better to the jury.

Now, I must say I made the same mistake, but at least I recognized the problem and tried to give them the easier question first.

Okay. I gave you this so you'll have a chance to look it over. And we'll talk about it later.

Now we're coming to the main item today, which is, I have been working on these jury instructions. And I've given you copies. And you all made comments. And I appreciate your comments.

Today, though, one of the things that I have found that you do is you often do not cite to any authority. You just assert, which is not too helpful to the poor judge.

Of course, on appeal you will cite -- if you lose, you

will cite to authority. But that will get lost in the shuffle. So I want you to please give me authorities.

We're going to start with question number 1 on my notice for today's hearing. I'll just read it out loud.

Now, when you -- it's not going to do me any good for you to say you agree. This is what Mr. González did to me a few days ago. Oh, we agree, Judge, with what you propose.

That's ridiculous. You've got to give me authorities that say exactly what you want me to say in the instructions.

All right. Okay. Number 1:

"The agency issue concerning Stroz and Morrison."

This is tentative jury instruction number 12. "In addition to the general issue, be prepared on these subparts."

And we're going to go through the subparts first.

"When a company wants to hire an engineer but wants to make sure he is not bringing trade secrets of his prior employer, what are the judicially approved procedures to vet the potential employee?"

Plaintiff first. And you have to give me a decision. Hand it up to me or just say there is no such authority. That would be okay. But if you're going to just start -- if you're going to say there is authority, you've got to give it to me.

All right. Please, go ahead.

MR. PERLSON: Your Honor, we don't think that there is

a specific judicially approved procedure to vet the potential employee in the manner that you've asked this question.

THE COURT: The plaintiff. None exists. That's what I'm writing down.

Okay. How about defense?

MR. GONZÁLEZ: We agree with that, Your Honor. We couldn't find anything.

THE COURT: Okay. Agreed. Okay. Thank you.

See. This is very helpful to know. Even if you don't have authorities, it is very helpful to know there is no authority.

"(b) If the new employer accepts the new employee on the condition and promise to return all files to the prior employer, will that precaution immunize the new employer from liability if it turns out the new employee fails to do so?"

What do plaintiffs say to that one?

MR. PERLSON: No, that -- we're not -- we're not aware of any authority that would immunize -- would say that the employer's immunized from liability if it accepts an employee --

THE COURT: See. You're being clever. Please don't be clever. Just say, is there authority on point?

MR. PERLSON: I don't think there is. We haven't found a specific case that addresses this issue.

THE COURT: None on point. Okay. That's what I'm writing down.

Don't try to slant it like, oh, there's no authority going their way. Well, there's no authority going your way either.

All right. What do you say?

MR. GONZÁLEZ: I agree with that, Your Honor. We couldn't find any authority.

THE COURT: All right. Okay.

"If the engineer possesses trade secret files of the first employer, isn't she already under a legal duty to return them to the first employer?"

All right. What does plaintiff say?

MR. PERLSON: Yes, we would agree with that.

THE COURT: But is there --

MR. PERLSON: And --

THE COURT: Is there a decision that says that?

MR. PERLSON: Yes. *California Intelligence Bureau versus Cunningham*. I can get you copies of that.

THE COURT: Great.

Let me jump ahead. Do you agree that that's a correct statement?

MR. GONZÁLEZ: Your Honor, somewhat surprisingly, we couldn't find any cases on point.

THE COURT: All right. So you don't agree. But I want to see what -- to me, this ought to be the law. But I

don't want to just go with what I think. I want to go with what the law actually is.

What page should I look at?

MR. PERLSON: It's highlighted on 203. Should be highlighted in yours.

THE COURT: I got it, okay.

MR. PERLSON: And basically what this is saying is that, you know, what an employee has, by virtue of his employment, is the employer's property. And it cites the Labor Code to that effect.

So by virtue of the fact that it's their employer's property, you would have a duty to return it. Maybe it doesn't go so far to say that exact second point, but that seems obvious from it.

THE COURT: All right. I appreciate your candor.

The part that I think you're referring to says this, quote: Everything -- this is quoting the Labor Code. Does it still say this in the Labor Code?

MR. PERLSON: I believe so, Your Honor.

THE COURT: You believe so or you know --

MR. PERLSON: I am not positive, but I believe it does. I don't --

THE COURT: All right. At least at that time, 1948, the Labor Code Section 2860 said, quote:

"Everything which an employee acquires by virtue of

his employment, except the compensation which is due him from his employer, belongs to the employer whether acquired lawfully or unlawfully or during or after the expiration of the term of his employment."

Okay. So we need to know, is that still -- still in the Labor Code?

Your point is, okay, if it belongs to the employer, isn't the -- you would then go the next step and say the former employee has a legal duty to return them. That's at least plausible.

All right. So --

MR. GONZÁLEZ: Your Honor, if I could just comment on that.

THE COURT: You may comment.

MR. GONZÁLEZ: The creation of a duty is something that we didn't find in any case. And so I'm not surprised that this is all they can come up with.

I'll just assume, for purposes of argument, that the Labor Code has not changed since 1948, on this point. I'm just going to assume this is still in the Labor Code. It didn't address your question. Your question is whether there's a legal duty.

What this says is that it belongs to the employer. We're not necessarily going to have a dispute about that in this case.

The question that you asked is, does every employee, when

he or she leaves his employer, have a duty under the law to return it such that if you don't you can be sued?

That's the step that the courts haven't taken and the legislature hasn't either.

THE COURT: Well, have you got authority that they don't have such a duty?

MR. GONZÁLEZ: No, Your Honor. I was very straight with you at the outset. We couldn't find a case -- by the way, what you said at the beginning is interesting. I don't mind telling you that that's what I expected to find. I thought that there would be a case out there where they say you've got a duty; but there isn't.

So there isn't going to be a dispute in this case about whether or not Waymo owns something. That's not going to be an issue. But I don't think that you can go from these words here and jump to the conclusion that, therefore, there's a duty to return.

I think, frankly, that's a decision that the legislature needs to make, whether every employee in the Silicon Valley, and the truck driver, whoever you may be, has a legal duty to return every piece of paper that you may have gotten from your employer.

I don't think any court -- I'm almost certain -- you've got two big firms here. Neither one of us could find a case where any court imposed that duty.

In fairness, I couldn't find a case on the other side either. But my point to you is that I think that it would be improper to instruct the jury in this case that there is such a duty.

THE COURT: Well, if there's no decision on point and it's an issue in play in the case, maybe the poor judge -- even though the lawyers can't help the poor judge, maybe the poor judge has a duty to the jury to tell them what he thinks the law is. And then it will be up to the Federal Circuit to decide if I guessed right.

So, all right.

"(d) can this duty be eliminated by her physically delivering the files to a third party (like Stroz or Morrison) for storage?"

Okay. So what does plaintiff say there?

MR. PERLSON: I'd cite the -- I have a case of *Naftzger versus American Namismatic*. Let me get a copy of it.

Once again, it should be highlighted, the relevant portions; but, alas, it looks like it is not.

It's on 431 to 432. I'm sorry, 432 to 433. And I'm not sure whether this is exactly responsive to what you asked, but it's about as close -- it's as close as we could find.

THE COURT: This is not highlighted so --

MR. PERLSON: Yeah, I apologize for that.

THE COURT: Where --

MR. PERLSON: It's on 432 --

THE COURT: I see 433. Okay. 431 --

MR. PERLSON: I think it's -- the relevant portion is sort of on -- if you look on page 7, in the bottom-left column, "The rationale underlying."

THE COURT: Okay. I see that paragraph. Let me read it to myself.

Well, look. This says -- the very first sentence says:

"The rationale underlying the separate limitations periods for receiving, concealing, withholding and selling stolen property is that the law imposes a continuing affirmative duty to restore stolen property to its rightful owner."

MR. PERLSON: I guess that's helpful to the --

THE COURT: Why didn't you cite that on the first point?

MR. PERLSON: I guess I outsmarted myself, Your Honor. I apologize.

THE COURT: Well, okay. Mr. González said no such decision existed in the history of the universe. But I just read it out loud.

MR. GONZÁLEZ: Your Honor, I said we couldn't find it. And even this doesn't --

THE COURT: How hard did you look?

MR. GONZÁLEZ: We looked pretty hard.

THE COURT: Yeah. Okay.

All right. "Stolen property remains stolen property no matter how many years have transpired from" -- this is going to be a great instruction for the jury. "Stolen property remains stolen property no matter how many years have transpired from the date of the theft." Uber is going to love this instruction. "Moreover, a thief cannot convey valid title to an innocent purchaser of stolen" -- all right.

Okay. Well, this is pretty close. I may have to adjust some of the hyperbole, but this is close on point. Okay.

So do you have anything on this one, Mr. González?

MR. GONZÁLEZ: No, Your Honor.

THE COURT: All right. The name of this is *Naftzger*.

MR. GONZÁLEZ: Your Honor, the one thing I would ask you to keep in mind, as you're mulling over this instruction, is that this instruction would be appropriate, perhaps, if they had a lawsuit against Mr. Levandowski, because he's the one that supposedly stole whatever they claim was stolen. So just keep that in mind, whatever words you use.

THE COURT: I got that. I got that. That's a problem that Waymo has.

But think about this from the point of view of the jury that's sitting over there where Mr. Cooper is sitting. They are not going to know all the legal gymnastics that we went through.

They're going to hear a lot about Mr. Levandowski. And these are questions the jury is likely to have in their mind as they deliberate. So that's something that the judge is -- he's an important player in the case. And what he did ties in with what the parties did here. So --

MR. GONZÁLEZ: Your Honor, let me add this: I don't think there's going to be an issue in this case -- this is not going to be a case where somebody stole something and then gave it to somebody else, and that somebody else is the defendant; and so now you've got to give the jury an instruction because that somebody else is saying, I don't have to give it back; I didn't steal it.

That's not this case. That's not the case.

We are --

THE COURT: Pretty close.

MR. GONZÁLEZ: No.

THE COURT: Pretty close.

What happened was Levandowski -- let's say evidence supports -- stole the property and then, with the connivance of Uber, gave it to Stroz. That's the best that you can say for your situation.

So that's pretty close, isn't it?

MR. GONZÁLEZ: No, because -- here's why: The facts of this case are not going to be that he stole something; we knew he stole it and told him give it to Stroz so they could

hide it. Those aren't going to be the facts.

The facts are going to be that we told him, give everything you have, whatever it might be, to Stroz, as part of our investigation. And there's not going to be a defense on our side, that we didn't steal it.

I think, Your Honor, what we need to focus on, now that we're close to trial, is, what is the jury going to decide?

They made a major concession on Sunday, that I assume you saw, that you need to know. They made a major concession that they're not seeking damages because Stroz or MoFo had possession of these things.

What they know they have to prove is that they're trade secrets and that they were used. That's what the jury is going to have to decide, whether or not these trade secrets, if they were trade secrets, were actually used by Uber.

THE COURT: What would you then tell the jury -- the jury is going to hear all about the due diligence. They're going to hear all about the due diligence report, Stroz, and what happened to these documents.

And what would you have us tell the jury about that piece of the case?

MR. GONZÁLEZ: Well, very little. And here's why: Because they've made the concession that Stroz's possession of these documents didn't cause them any damages. And, for that matter, MoFo too. Although, MoFo only had a small piece of

what Stroz had.

It's almost irrelevant that they had these documents. It's almost irrelevant.

THE COURT: No, it's not irrelevant.

Do you say it's irrelevant on the plaintiff's side?

MR. PERLSON: No. We think it's very relevant.

THE COURT: I think it's relevant too.

If we accept your version of the facts, it's even relevant then. But I can't just take your version of what you think happened and then say, well, okay, Uber is going to win; so, therefore, I can instruct in accordance with victory for Uber.

MR. GONZÁLEZ: So, Your Honor, this is why I'm bringing to your attention their concession from Sunday, because that really changes the composition of the case --

THE COURT: It doesn't.

I know your argument. Your argument is, just because it got acquired by Stroz and MoFo, acquisition is not enough for damages. That may be true. And they're not seeking damages on account of that.

But the jury is going to want to know, what is the legal significance of what happened with Stroz and MoFo. We cannot let them go unguided in that major piece of the case. We have to give them some guide- -- that will be one of the first three questions they send out of the jury room. That would be a mistake on my part not to give them some guidance. So I'm not

going to ignore that part.

And I'm also going to ask them about the acquisition. They need -- they need to distinguish between acquisition, use, and disclosure. And I'm going to ask them, even though it may not lead to damages, it certainly would help me on injunctive relief. But beyond that, they should distinguish between acquisition. Maybe they say yes to that but they say no to use.

So I disagree with your trying to keep this -- the whole MoFo-Stroz thing out of the case. It's part of the case.

MR. GONZÁLEZ: Your Honor, to be clear, I'm not suggesting that it's not part of the case. We understand it will come into evidence.

I'm talking about how much detail does the jury need to know about the law? These are great academic questions. And for a first-year law class these are fantastic questions. But for the jury --

THE COURT: You're not helping me, Mr. González. You're off on a side tangent. You've made your point. I'm overruling it.

We're going to give some instructions -- or at least I'm going to frame it. So you're not even giving me assistance on something I want to understand well enough. You just keep stamping your feet and saying, Don't even consider this, Judge. Don't even consider this.

I am considering it, so stop that argument. I overruled that argument. I want to understand this well enough to craft an instruction to the jury.

By the way, this is the one I asked you two to agree on. Have you agreed on it yet? You told me in your submission you were close to an agreement.

MR. PERLSON: Which aspect of it?

THE COURT: This very question that we're on here, all these subparts.

You told me in your submission Sunday that you were still working with Uber and you were close to an agreement.

MR. EISEMAN: Your Honor, I hope we didn't lead you to believe we were close to an agreement. We were talking with them, but we did not reach an agreement on the instructions.

THE COURT: All right. Is that same thing true on the other one, about mobility of engineers?

MR. EISEMAN: It is, Your Honor.

THE COURT: Well, see, now -- you know, you lawyers have blown an opportunity.

Silicon Valley and the rest of the technical world out there in the United States is very interested to know how we balance these competing factors here.

You two have a great opportunity to provide an instruction that might guide a lot of cases in the future. And here you're just folding your arms and saying you're going to reserve all

rights and insist on a one-sided -- you're not going to get a one-sided instruction.

MR. EISEMAN: Well, Your Honor --

THE COURT: It's going to be something I think is fair to both sides and states the law and admits that there is mobility for employees.

So, okay. You can't agree. Then you're leaving it to the poor judge.

Okay. Please have a seat.

We're going to go back to my questions.

"By what authority, moreover, can the third party knowingly retain such 'stolen property'?"

In other words, how could Stroz -- knowing that it's stolen or suspecting that it's stolen, by what authority does Stroz have the right to retain it?

MR. PERLSON: We are certainly not aware of any authority.

THE COURT: I think the *Naftzger* case is close on point.

Mr. González, were you able to find anything in whatever time you put into this?

MR. GONZÁLEZ: So, Your Honor, it's the Fifth Amendment issue that we previously briefed, and that you actually ruled upon in this case, is that -- and you've laid out the two-prong standard in one of your prior orders -- is

that as long as the information was provided to the lawyer for purposes of providing legal advice, and there's a legitimate Fifth Amendment issue, then that's privileged information.

THE COURT: Okay. So you're standing on the Fifth Amendment.

MR. GONZÁLEZ: Correct.

THE COURT: Do you have any authority that is more on point?

I may just wind up disagreeing with you as to whether or not Stroz -- Stroz has the information. Stroz comes in -- Stroz has a contract, but Stroz is -- gets the information, knows it's stolen, somehow thinks it has -- it's immune from turning it over. All right. That's your view.

Do you have a -- what is your closest decision on point?

MR. GONZÁLEZ: Your Honor, it would be -- it's cited in document 883, which is our response to the order to show cause.

THE COURT: That's the best you can do? You can't get me a decision?

MR. GONZÁLEZ: Yes, Your Honor. The authorities are cited here. It includes your docket 202.

THE COURT: Give me the best decision, please.

MR. GONZÁLEZ: *Fisher v. United States*, Your Honor, lays out the test for attorney-client privilege protection from production.

THE COURT: All right.

MR. GONZÁLEZ: And *Lowthian versus United States*. 575 F.2d 1292, Ninth Circuit case.

THE COURT: What was the second one?

MR. GONZÁLEZ: *Lowthian*, 575 F.2d 1292, which I believe lays out the same test that you laid out in your docket 202.

THE COURT: All right. Next question --

MR. PERLSON: Your Honor, can I just make one brief response to that?

THE COURT: Go ahead, yeah.

MR. PERLSON: The documents were held long before there was any assertion of the Fifth Amendment.

THE COURT: Well, maybe. But -- all right.

"Is the third party acting as the agent for the acquiring company such that the principal is charged with possession of the files?"

Now, several months back you were all arguing over the restatement. Remember that restatement?

MR. PERLSON: Yes.

THE COURT: And Uber was saying there was a restatement that says that if there's a contractual duty not to turn them over, then that supercedes, then you're not charged with knowledge.

Is that still Uber's position or -- because it seemed to

change in the critique of the proposed instructions.

MR. GONZÁLEZ: So, Your Honor, we have two points. And if you'd like these cases, I can hand them to you.

THE COURT: Yes, please. If they're on point. If they're not on point, forget it.

MR. GONZÁLEZ: I believe that they're on point.

THE COURT: All right. Let's see them.

MR. PERLSON: Thanks.

THE COURT: Okay. Number one case is -- you know, I just want one decision. Whenever you give me two or three then I know you don't have one on point.

So I'm going to look at your *Parish* case. It says:

"The Uniform Trade Secrets Act requires an actual or threatened misappropriation. Mere possession of trade secrets by departing employee is not enough for an injunction."

This is 2009.

MR. GONZÁLEZ: So that's the first point. I have two points. One is that mere possession is not enough. The second point, Your Honor, is that the plaintiff has the burden of proving both agency and scope.

And I have two cases on point there, as well, but I'll just give you one.

THE COURT: Can you hand up to me that restatement that you were relying on the other -- about a month ago.

Because it seemed to me that it put the burden on you.

MR. GONZÁLEZ: So, Your Honor, I'm going to hand you the restatement.

THE COURT: So I am looking at "Restatement (third) of agency," Section 5.03.

"For purposes of determining a principal's legal relations with a third party, notice of a fact that an agent knows or has reason to know is imputed to the principal if knowledge of the fact is material to the agent's duties to the principal, unless the agent is subject to a duty to another not to disclose the fact to the principal."

All right. So do you both agree that this applies in this case? Yes or no? Yes?

MR. PERLSON: Yes. Generally, yes.

MR. GONZÁLEZ: Generally, yes, Your Honor.

THE COURT: All right. So who has the burden on the issue of "subject to a duty to another not to disclose the fact to the principal"?

MR. GONZÁLEZ: The duty, Your Honor, is on the plaintiff because they have both the obligation to show that there is an agency relationship, and the plaintiff has an obligation to show the scope of the agency.

And I have two cases here. But you asked that I hand you just one, so I --

THE COURT: Hang on a minute. Pause for a second. What do you say on that point?

MR. PERLSON: Your Honor, it's an exception to the general rule. We would say that it is -- it's their burden to establish the exception. I don't have a case specifically addressing that point.

THE COURT: How valuable is that?

See. Both of you are relying on general principles.

MR. PERLSON: Well, I think it was actually generally the case, when there's an exception to something, that the person providing the exception would have the burden on that.

THE COURT: Generally, that applies. But it's also generally the rule that the plaintiff has the burden of proof. So both of these general principles are in conflict.

MR. PERLSON: Well, I think that -- I mean, there's all sorts of burden shifting and -- you know, that goes on in many different types of claims. And you don't have to disprove every exception to prove your claim.

And that's generally the case. And we would say that that would apply here too.

THE COURT: All right. You said you had a decision on point.

MR. GONZÁLEZ: We have two.

THE COURT: All right. Hand up one first.

MR. GONZÁLEZ: I'll hand you this one. And if you

like, if you can give me leave of court to hand you a second one.

THE COURT: All right. The first one you handed up is called *Oswald Machine*, 1992 California decision. This is a quote.

"Actual authority is such as a principal intentionally confers upon the agent or intentionally or by one of ordinary care caused the agent to believe himself to possess. Unless the evidence is undisputed, the scope of the agency relationship is a question of fact, and the burden of proof rests on the party asserting the relationship."

This doesn't go to this exception and who has the burden of proof.

MR. GONZÁLEZ: Well, Your Honor, it says that the burden is on the party asserting the relationship. That would be the plaintiff. The plaintiff is making that assertion in this case.

THE COURT: All right.

MR. GONZÁLEZ: And I have a second --

THE COURT: This is not on point. But it's just the general proposition.

Okay. What else do you have? I'll look at your other one.

MR. GONZÁLEZ: So, Your Honor, here's the second case.

MR. PERLSON: Thanks.

MR. GONZÁLEZ: That is even more clear.

THE COURT: *California Viking Sprinkler Company*, 1963. Cal.App again.

Well, again, it says more or less the same thing. But it doesn't come to grips with this exception.

MR. GONZÁLEZ: Well, no, Your Honor. That's my point. These cases don't say there's an exception. The burden of proving agency and the scope of that agency is on the plaintiff. They're the ones that are telling you there is some exception; not me. They don't have a single case that says that.

But this couldn't be more clear. The burden of proving agency, as well as scope of the agent's authority, rests upon the party asserting the existence thereof, and seeking thereby to charge the principal upon representations of the agent. That's what they're doing.

Their argument, I suppose, would be that Uber is liable because --

THE COURT: You're asking them to prove a negative. You're saying in addition to showing that they were agents, you're saying that they need to show that there was no agreement that restricted the -- what discovery has been taken in this case on that issue?

MR. PERLSON: On which aspect of that?

THE COURT: On whether or not, let's say, MoFo and Stroz were under a contractual duty not to disclose what Levandowski had in his possession to Uber.

MR. PERLSON: Well, there's a -- there's a March 4th, 2016 letter from -- it's the engagement letter in which MoFo, O'Melveny, and Uber and Ottomotto retained Stroz. And there is some language in there that suggests that materials shouldn't be shared with Uber or the other clients.

But then there's a subsequent letter to that, on March 21st, 2016, between Stroz and Levandowski himself, which says that Stroz has -- it says that -- it reiterates that they're not, you know, generally supposed to share things with MoFo or Uber. But it says that Stroz can do so if it's -- it feels that it's relevant to their investigation.

So there's a letter that specifically allows Stroz to provide information to Uber if it deems it relevant.

THE COURT: And it calls out Uber?

MR. PERLSON: Yeah. Hold on.

THE COURT: Is that right? So Stroz had the -- had the express authority to reveal information to Uber if Stroz felt it was pertinent?

How did that work, Mr. González?

MR. GONZÁLEZ: So, Your Honor, I'll see what it is that he has. I can show you a couple of pieces of evidence that I have.

The engagement letter says that if there's any information that might be Waymo/Google information, that can be provided to the outside law firms as outside attorneys' eyes only. That's what the engagement letter says.

And then there was a protocol. And I have here just one page, not a lot of stuff, from the testimony of Stroz, where they talk about the protocol. And I'll just read one question.

"That protocol prevented Stroz from disclosing any Google proprietary information to Uber and Otto; is that right?

"Correct."

So that is my general understanding. Now, if there's something that suggests that I'm wrong about that --

THE COURT: Let's --

MR. PERLSON: Let me, Judge, read the language.

THE COURT: Please, read the language that you're relying on.

MR. PERLSON: This is at -- I apologize. I only seem to have one copy of it. It's from docket 806, I think, dash 4. And it's the Stroz Friedberg, John Gardner letter. And Gardner was Levandowski's personal attorneys from March 21st, 2016. And it states at the end of it:

"Notwithstanding the foregoing, but subject to the examination protocol, nothing in this letter prohibits Stroz from reporting to its clients, if applicable at the

end of the Stroz examination, any portion of the Aspen information" -- and Aspen refers to Google in this instance -- "which Stroz, in the opinion of Stroz, believes constitutes factual information which may relate to or be relevant to a potential breach of any fiduciary duty, duty of loyalty, or other confidentiality nonsolicitation, noncompetition, or other obligation based in contract, statute, or otherwise, as defined by clients."

THE COURT: That very first part, though, said something like subject to the protocol.

MR. GONZÁLEZ: And, Your Honor --

THE COURT: Wait. Wait. Wait.

MR. GONZÁLEZ: Sorry.

THE COURT: Is that right?

MR. PERLSON: And the protocol is attached to that as well. And I've looked at it. I don't see anything that undoes what -- that language.

THE COURT: Okay. What in the -- now, you read from some maybe self-serving testimony, but what in the actual document attached to that document would have prevented Stroz from turning over material to Uber?

MR. GONZÁLEZ: Two things. You need to understand, Your Honor, that what he just read, which says we can disclose it to the clients, the clients are the law firms. MoFo and

O'Melveny.

And the engagement letter says that any such information is on an outside attorneys' eyes only basis.

So I do not dispute that Stroz had the capability of disclosing information, that may have been Google information, to MoFo and O'Melveny. That's what the engagement letter says.

Can I just hand you the engagement letter? Would you like to see that? If you don't, I won't hand it to you.

THE COURT: Not yet. Not yet.

Pause on that.

Is that true, that the client that's being referred to there is MoFo and O'Melveny?

MR. PERLSON: I'll read you exactly what it says because I don't think that's what it says. It says -- in this letter it says:

"We represent Anthony Levandowski individually, with respect to a proposed examination by Stroz Friedberg, of Mr. Levandowski's electronic media," et cetera, "as described in your joint engagement letter with Morrison and its client Uber, and O'Melveny & Myers and its client Ottomotto (collectively clients)."

So I read that as including all of them as clients, as referred to in this letter.

THE COURT: Where -- go to the part where it says that they reserve the right to disclose to clients. Read that part.

MR. PERLSON: It says:

"Notwithstanding the foregoing, but subject to the examination protocol, nothing in this letter prohibits Stroz from reporting to its clients, if applicable, at the end of the Stroz examination any portion of the Aspen information which Stroz, in the opinion of Stroz, believes constitutes factual information which may relate to or be relevant to a potential breech of any fiduciary duty, duty of loyalty, or other confidentiality, nonsolicitation, noncompetition, or other obligations" --

THE COURT: Okay. Hold that thought.

MR. PERLSON: -- "as defined by" --

THE COURT: So what -- Perlson, right? -- Mr. Perlson is saying is, okay, you've got your version of what it meant; but by its own definition, the term "clients" includes Uber.

What's wrong with that?

MR. GONZÁLEZ: Because, Your Honor, the engagement letter says, regardless of whether it includes Uber, that if there's information that they find that may be information from Google, that it can be produced to clients only on an outside counsel attorneys' eyes only basis.

And then when Stroz testified -- and I can hand you this if you want to see it -- they said that the protocol prevented Stroz from disclosing Google information to Uber and Otto.

THE COURT: Okay. Stop there.

All right. Is that right, that the language you read to me says it has to be -- the protocol says it has to be on an attorneys' eyes only basis?

MR. PERLSON: So what Mr. González is reading from is the March 4th letter, that is between Stroz and MoFo and these other entities.

I'm reading from a subsequent letter to that, on March 21st, in which Stroz is agreeing with Levandowski regarding what they can or can't do.

So this -- to the extent that they said in that other letter that they can't share, this letter says that they can.

THE COURT: Well, how about the protocol that was attached to the one you're relying on?

MR. PERLSON: As I said, I don't see anything in that protocol that undoes that specific language --

THE COURT: Does it say anything in there about attorneys' eyes only?

MR. PERLSON: It does. But then it goes on to say:

"If the parties agree that Unicorn and Zing or executives should have access to the proposed disclosure folder, Stroz Friedberg will arrange for such access."

So, I mean --

THE COURT: Read that to me again. If what happens they will arrange it? Say it again.

MR. PERLSON: It says if parties agreed to --

"If the parties agree that Unicorn or Zing executives should have access to the proposed disclosure folder, Stroz Friedberg will arrange for such access."

Then it says:

"Unicorn executives will not have access to the outside counsel or attorneys' eyes order folder."

And it has a procedure for putting stuff in one disclosure -- in a proposed disclosure these are things we want to share. And then another one that defines as attorneys' eyes only, which we don't want to share.

THE COURT: Is attorneys' eyes only outside counsel? Or would that include Uber inside counsel?

MR. PERLSON: Well, the outside counsel only order or attorneys' eyes only order. It's not, frankly, the clearest.

MR. GONZÁLEZ: The engagement letter, at least, is clear that it's outside attorneys' eyes only. At least in the engagement letter.

MR. PERLSON: Yeah, I mean, my point is, I understand that language is in there. I'm not disputing it's there. But we have this other agreement afterwards that suggests otherwise.

MR. GONZÁLEZ: You see, Your Honor --

THE COURT: Wait a second. I want to follow through a minute on -- let's just hold Mr. Perlson's thought for a second. Let's just stick with the MoFo version for a minute.

Couldn't a jury -- you've asserted attorney-client over what was said between MoFo and Uber. I believe I'm right on that. And that was sustained?

MR. GONZÁLEZ: Generally, yes.

THE COURT: All right. So let's say that Mr. Perlson proves to the jury's satisfaction that Stroz had the right -- as agent, had the right to turn it over to counsel for Uber. And then whatever was said between -- and that Morrison had the right, maybe even the duty, to disclose to Uber what was in there. And yet you asserted the privilege.

So couldn't a jury reasonably conclude that if the information got as far as Morrison, that Morrison as the lawyer had a duty to explain what was in there to the client? And end of story. And, therefore, they're the agent.

So what's wrong with that argument?

MR. GONZÁLEZ: Well, Your Honor, I think maybe we're taking up an argument on this point that we don't need to.

This isn't a case where MoFo had some super-damaging information that never got to Uber.

The Stroz report, that by now we're all very familiar with, is what contained whatever smoking gun there may have been. And that did get to Uber. And the jury is going to know that.

So this isn't the case where MoFo has some smoking gun and the jury has to decide whether somehow MoFo was obligated to

tell Uber. That's not this case.

THE COURT: When did the -- when did the -- I thought you were contending that all of the secrets stayed with Stroz and never got to Uber. Now you're telling me they did?

MR. GONZÁLEZ: Your Honor, the information in the Stroz report did get to some people at Uber.

THE COURT: All of them? No. I was under the impression that some selected version of that got to Uber.

MR. GONZÁLEZ: Well, this might be the confusion, Your Honor.

Uber received the Stroz report in its entirety but not the exhibits. That may be what the Court is remembering.

But the --

THE COURT: Probably it is. Okay.

MR. GONZÁLEZ: But my point to you is that the juicy stuff, if you will, the stuff that they think is good, is in the Stroz report. And this is what I'm trying to explain. And maybe I'm making it too complicated.

There's not going to be a secret in the trial about whether Uber knew it, because that report did get to some people at Uber.

THE COURT: Who did it get to?

MR. GONZÁLEZ: I don't even remember, Your Honor. But it's been disclosed.

THE COURT: Was it more than just the lawyers?

MR. GONZÁLEZ: Ultimately, yes.

THE COURT: I mean before the litigation was it more than just the lawyers? I know that some members of the board saw it once the litigation was underway. But --

MS. DUNN: No.

THE COURT: Back when they were doing the design work, did some executives there at the -- at Uber have access to this material?

MS. DUNN: No, Your Honor. It was simply members of the office of legal counsel -- and not that many of those either -- before the litigation began.

THE COURT: Well, I come back to let's say that there's -- let's say that at the -- you're going to want to -- Uber is going to want to make the point to the jury that the report got to Uber but the exhibits did not.

And I come back to the chain of reasoning that I had earlier, which was with respect to the exhibits, those could have been given to MoFo.

MoFo could have described them to -- even if not handing them copies, could have described them to somebody at Uber. And, therefore, wouldn't that satisfy the requirement in the restatement and eliminate any duty to another not to disclose the fact to the principal?

So what do you say to that line of reasoning that, arguably, the jury could indulge?

MR. GONZÁLEZ: So first, Your Honor, to be clear, MoFo did see the exhibits. So you said "the jury could find." There is no question about that. MoFo saw the exhibits in the Stroz report.

Second, it's also clear that MoFo's communications with the client are privileged. So those two facts are true.

THE COURT: Yes, but they don't need to show that it actually was revealed. They just need to show that it was not -- that you were under no bar from disclosing that.

In other words, in fact, the fact -- in other words, you the lawyer, of course you're going to tell the lawyer whatever you think is in their interest. And that's not a duty to another not to disclose the fact to the principal.

Unless I'm missing something. Was there a document somewhere that said under no circumstances will MoFo ever tell what's in these documents to Uber?

Maybe. I don't know. Could be. This case has got a lot of turns.

MR. GONZÁLEZ: I don't know that there's such a document, Your Honor.

THE COURT: Well, then, it seems to me that the -- all right. So we come back to who has the duty here to explain to the jury -- who has the burden of proof?

MR. GONZÁLEZ: And, Your Honor, as I noted --

THE COURT: I think the issue is going -- I think we

do have to instruct the jury, or at least I've got to have -- get us close to one and then decide whether to give it. But I don't want to dodge this and say, oh, we don't have to give an instruction. I want to know what the law would be and so forth.

Nobody has a decision on point?

MR. PERLSON: Your Honor, I would suggest that by the nature of the fact of how these things are normally handled, when you have an exception like this, that perhaps that's why there's no case on point. Because it seems like it's an obvious thing, that it would not be our burden to prove the negative in relation to the exception.

MR. GONZÁLEZ: If we keep talking about an exception, Your Honor, the rule is the plaintiff has an obligation to prove the scope of the duty. We're not arguing an exception.

THE COURT: What you're both saying is generally true.

MR. GONZÁLEZ: And, Your Honor --

THE COURT: We both know that there are cases -- you will agree, Mr. González, that if we looked hard enough, we would find cases where you don't ask the plaintiff to prove a burden. You turn that into an affirmative defense. And you make the defendant prove that.

There are cases like that. You have to admit that.

MR. GONZÁLEZ: In some cases, perhaps, but not on this point. That's my point to you, Your Honor. Not on this point

about the scope of the duty.

The cases on the scope of the duty are on point, and they are all on our side. That's why they haven't shown you one case that says we have to prove the scope.

THE COURT: We're talking about, here, two different duties. "Imputed to the principal if knowledge of the fact is material to the agent's duties to the principal unless the agent" -- then it refers to a different duty -- "is subject to a duty to another."

So it's talking about two different duties. Yes, they've got to prove the first duty. But who has to prove the second duty or a negative second duty?

MR. GONZÁLEZ: I would say that that all falls within the scope of the agency and that the burden is on them.

THE COURT: Maybe; maybe not.

MR. GONZÁLEZ: Your Honor --

THE COURT: This is one where the lawyers have let me down. I bet you there's somewhere in the universe -- somewhere in the universe, in the state of Iowa, Nebraska --

MS. DUNN: How about Illinois?

THE COURT: -- Indiana.

What?

MS. DUNN: Your Honor, there may, in fact, be a case in Illinois.

THE COURT: Okay. I was close, wasn't I?

(Laughter)

MS. DUNN: It's very close to Iowa.

THE COURT: All right. What does it say?

MS. DUNN: So I'm reading it now, having looked just at the restatement. And it's cited. It's called *Evanston Bank v. Conticommodity Services, Inc.*, 623 F.Supp 1014. Pincite 1035.

THE COURT: Give me the cite again.

MS. DUNN: 623 F.Supp 1014. And then the pincite is 1035.

THE COURT: 623 F.Supp.2d?

MS. DUNN: No.

THE COURT: Just Supp?

MS. DUNN: Just Supp.

THE COURT: 623. And what's the page number?

MS. DUNN: 1035.

THE COURT: 1035. This is under the restatement?

MS. DUNN: Yeah. If you look at the notes of the restatement, under reporter's notes, subsection B.

MR. GONZÁLEZ: It's on page 13.

MS. DUNN: On page 13, if you have that up there. There's a paragraph at the bottom of page 13, which starts:

"Notice of a fact is not imputed to a principal when to learn the fact would require action by an agent beyond the scope of the agent's duties."

Which is what we've already discussed. And then in the parenthetical it says:

"No showing there was a duty of extended analysis of information in reports."

And so I looked up this case. And what it seems to say, on 1035, is that there was a requirement that there be a showing, evidently, on the part of the plaintiff that established that duty; and so, therefore, establishing what was in the scope of the agency.

So I do think the parties probably need to look more closely at this case, since I just looked it up. But that's what it appears to me to be saying.

THE COURT: Thank you. You raise a good point here, and that is, what does the reporter's comments say about the exception that we're dealing with? You know, there must be some commentary here somewhere.

MS. DUNN: I agree that's probably the case. And we should look that up as well.

THE COURT: Let's just pause here and see if we can find it.

MS. DUNN: Okay.

Oh, the other thing, Your Honor, is that if you look at pincite 1035 in this case, it says -- I think this is probably the most relevant line. It says:

"The party seeking to establish a ratification" --

which in this case is the duty they were talking about -- "must show that the knowledge which he seeks to impute concerns a matter within the scope of the agent's authority."

And then I agree with you, we have to figure out the relevance of the notes.

MR. PERLSON: Your Honor, if I could just interject. I don't have the case in front of me, but it sort of sounds to me like the question in that is not related to what we're really talking about here but, instead, whether the -- what this agent was doing relates to what they had been retained to do on behalf of the principal.

And I don't think that that is -- I think that's a separate issue. And, frankly, I don't think it would really be in dispute that MoFo and Stroz obtained these materials by virtue of the work that they did as agents for their principals.

(Pause)

THE COURT: Okay. Look at page 20, paragraph about midway down the page, for the point that an agent's knowledge is not imputed to the principal when the agent owes a duty to another not to disclose the information. See *Imperial Financial Corporation versus*, et cetera, 490 P.2d 662 (Haw. 1971).

"Officer of Finance Corporation sought and received

agreement of insurer's agent not to reveal the existence of attachment bond to defendant. Finance Corporation is estopped from asserting that knowledge of attachment bond should be imputed to defendant which breached their duty in obtaining the mortgage lien on the same property priority over attachment bond."

Then there's a North Carolina cite.

Somebody who has computers can look those two up right now and see what they say.

Anybody found the answer? How about Mr. Cooper? Does Mr. Cooper have the answer?

MR. COOPER: I haven't found the answer yet.

THE COURT: Well, maybe somebody will find that and we'll come back to it.

MR. PERLSON: I will say, just looking at these, Your Honor, these cases seem to be discussing a situation where you might have somebody having knowledge of a fact in relation to -- you know, that's relevant down the road. Like, if you've misrepresented something, is that fact, you know, the knowledge of that imputed to somebody else?

Here, our situation is really -- I mean, it's not just like knowledge of something. I mean, we're talking about something that's possessed, that Stroz and MoFo had the stuff. It's not just knowledge.

So the -- you know, I haven't read those cases, but I'm

not sure that they're going to be directly on point to our situation. That's all that I'm saying.

THE COURT: Yeah, but they relate to the very exception that Uber is invoking. So it may be -- all right.

Now, we're going to go to the second question.

"If the jury finds that the only acquisition of trade secrets by Uber was via Stroz and/or Morrison, what damages will the evidence at trial support?"

I read your recent statement to say you're not seeking damages under that scenario.

MR. EISEMAN: That's correct, Your Honor. With respect to Stroz and Morrison only.

THE COURT: Right. Okay. That's good to know.

Next:

"What specific offer of proof is there that defendant disclosed any trade secret?"

Let's pass that for now. I read the submission, and I don't think we ought to try to rehash it here.

All right. I do want to go to number 4, though. Let me just begin by saying, we -- this case presents, as do many trade secret cases, the right of employees to leave, engineers particularly, to leave their employment and continue their profession at some other company.

And so they necessarily are going to pick up some knowledge and lessons learned along the way. And when they get

to the second employer, Waymo wants to shut them down cold almost. I mean, that's a harsh way to say. But it just can't be the law that they cannot continue to practice their skill and their knowledge.

And it gets complicated where a company like Waymo designates everything in the universe as a trade secret so that the poor employee has no clue about what really is and is not a trade secret, because they overreached.

So I'm sympathetic to the engineer who is trying to make a living and pay the rent as opposed to the big company who's trying to glom on to everything and overreach. That's my sympathies, but I want to go with what the law here is.

On the other hand, the other side of the equation is that a big company like Uber should not be allowed to steal somebody else's crown jewels. Period. I agree with that too.

But when I get you all to help -- the jury is going to want to know the answer to some of these questions.

Let's just take this -- I don't want to get into the specifics because we've got people in the courtroom. But a number of these trade secrets are going to bring this up easily.

So somebody is working as an engineer at Waymo. And they are assigned to work on the XYZ project. And to that they apply their professional skills and engineering principles that they've learned. And in doing that, they discover some new

lessons, which anyone working on that project would have discovered; any engineer working on that project would have discovered. So they are an extension of recognized principles.

Now, when that poor engineer goes to work at Uber, why shouldn't that engineer be allowed to rely upon the extension of those skills and lessons that they learned?

I agree they shouldn't be allowed to copy and take documents or memorize documents or specific layout of PC boards and all that. Of course that's true.

But Waymo wants to go a lot further than that. Waymo wants to stop them from using what they learned, the lessons they learned at the first job. I have some trouble with that.

So that's the background here. So let's go through these questions.

"When an engineer cleanly moves from one employer to another (without any files of any type), how can she be expected to forget the engineering lessons learned in her earlier jobs?"

Okay. Let's hear from the plaintiff.

MR. PERLSON: Well, first, I would point out that that's definitely not this case. There's no cleanly moving --

THE COURT: Wait. Wait. Wait. Because you're relying on a lot more than Levandowski. You have said, and I've given you the okay, to assert that some other people -- I won't name any of the names, but that they are using trade

secrets of Waymo. So there are some people who came clean. And there's some like Levandowski who came with documents.

So this is going to come up on your own theory.

MR. PERLSON: Well, I think that there might be disputes as to whether any of them came clean under the situation. But, nevertheless --

THE COURT: If it's disputed, I can't just assume. I've got to tell the jury what the law would be in that case.

MR. PERLSON: Well, I guess, the -- for things that are trade secrets, the law says that you can't use them at your next employer.

THE COURT: Correct.

MR. PERLSON: That's what the law is.

THE COURT: Yes, but we have to define -- help them define what is a trade secret.

One of the decisions that I found very useful, I don't have it up here with me right now, but it was -- it was a case in California about a guy who worked 50 years, I think, 40 years, at a -- as the superintendent, building water tanks made out of wood. And eventually he decided to go out and start his own business doing exactly the same thing.

And the Court said he has the right to do that, that that's -- even though the prior employer was saying, just like Waymo here, oh, those are all our trade secrets. They said this is his profession. He has the right to do it. And he's

the one who invented all that stuff. He's the one that came up with all those solutions. It's his craft. And here is the big company trying to squash the little guy. Just like you're trying to do in this case.

That's the way the jury might see it.

So you need to tell me -- I just don't buy the idea that -- this is part of deciding what is a trade secret is, is this part of the skill of the engineer or is it something that qualifies as a trade secret?

Skill of the engineer does not qualify as a trade secret.

MR. PERLSON: Well, Your Honor, I think that some of what you're pointing out to is, frankly, just some of the disputes that we've been seeing in defendants arguing that some of what we've asserted is a trade secret is not a trade secret.

THE COURT: Right.

MR. PERLSON: That's something that they're going to argue to the jury.

THE COURT: I agree with you. And I need to give the jury guidance as to what the law is, and then you two go ahead. And one of you is going to win. One of you is going to persuade the jury it is a trade secret. The other one is going to say it's not a trade secret because it's skill.

So I wish my law clerk could hand up to me that decision that I'm talking about. Do you have it right there? No, no, don't go get it. I thought you had it with you. Maybe I've

got it up here.

I think I do. It's called *Sarkes Tarzian*, 166 F.Supp 250, 1958. It says:

> "What is a trade secret? What is a trade secret is difficult to define. It must consist of a particular form of construction of device, a formula, a method or process that is of a character which does not occur to a person in the trade with knowledge of the state of the art or which cannot be evolved" -- listen to this language -- "or which cannot be evolved by those skilled in the art from the theoretical description of the process, compilation or compendium information of knowledge. Illustrative of such a situation is a leading California case where a person had been in the employ of an industrial corporation and his predecessor engaged in the manufacture of wood tanks, cooling towers, and other industrial wood specialties for 35 years. During a major portion of such period he was a field superintendent, in which capacity he supervised the construction jobs of his employer and had access to their books, patents, and engineering data. After terminating his employment, he began operating his own concern, with his son, manufacturing tanks and cooling towers of the type manufactured by his former employers.
>
> "Although, the Court was of the view that there was evidence to show the business of constructing towers is

extremely complicated and difficult, and is dependent upon formulas developed by technically skilled engineers through long periods of trial and error, and that the defendant had a great wealth of general experience which was the primary asset of the new concern, nevertheless, the Court held an injunction was properly denied saying..." and it goes on to talk about how "to grant relief prayed for would virtually operate to deprive respondents of the right to pursue a gainful and lawful occupation."

So I think you've got to -- you, on that side, have got to help the poor judge reconcile that body of authority with what -- you want to just say that it's a trade secret, trade secret. So --

MR. PERLSON: Your Honor, I think we did try to help in our critique, as you had asked for. It's docket 2171, where we're conveying our thoughts on how this issue can be presented to the jury.

THE COURT: So let's say this: Let me give you a hypothetical. Let's say that an engineer is -- Waymo says, we need to determine whether the following four things will work; and you, as the engineer, go into the laboratory and figure that out.

All right. So the engineer goes into the lab and applies standard well-known techniques to a new subject, at least,

let's say, to her. Let's say it's a woman. And she figures it out, decides that none of those items are going to work; that there's a problem with each one of them.

Now, any engineer given that assignment using basic principles would have come to that same conclusion if they had the time and could do the homework. She did the homework.

Okay. Now, she leaves that job and goes to another job. And she takes no documents. Takes no -- she has never tried to memorize anything. But this is the main thing she worked on.

Is she supposed to forget and have to go back and revalidate all of those four things when her next employer asks her to test that very question? She's got to reinvent the wheel? Is that really the way it works?

MR. PERLSON: Well, Your Honor, I think, like most of these, you have seen these are very fact-intensive issues. I think it's sort of difficult to answer a question like that just in the abstract and hypothetical.

I mean, there are situations -- and the Court and courts have recognized it -- that there are negative trade secrets that someone, you know, does something. And the trial and error and the time it takes to do that, you could have a number of engineers working for, you know, months on an issue and come up with a solution, and that that trial and error is protectable. That's what the law says.

Whether that fits your exact scenario or not, I don't know

the answer to that. But that is what the law is.

THE COURT: There are statements. You're right. There are statements about negative knowledge. I looked at all of those.

I did look at your authorities. I don't think any of them are conclusive enough to say that that is a -- for example, take my case. The engineer decides all four won't work. Or take the case of the guy that built the water towers; that he decides it won't work to use a certain type of wood and it will work to use a different type of wood; that redwood is great but plyboard is not great, let's say.

So is he supposed to start building his tanks with plyboard because he learned the negative lesson that plyboard is no good but redwood works?

MR. GONZÁLEZ: Your Honor --

THE COURT: Wait a minute. Wait a minute.

I want you to know that the lawyers are not helping me by -- I want decisions on point that guide -- we can give guidance to the jury. Even if it's in a more general way, I'm okay with it being general.

But this is -- this is -- just like the Stroz and the MoFo thing, this is part of what the jury is going to be asking. And it's going to come up. It's going to come up. And the jury is going to want to know the answer to the -- how freely -- is an engineer really supposed to get a frontal

lobotomy before they go to the next job? I think the answer has got to be no.

But, at the same time, there are some things like -- let's say they know the recipe for Coca-Cola. They can't disclose that either, even though they learned it in their prior job. They do have to forget that item.

All right. What did you want to say?

MR. GONZÁLEZ: So, Your Honor, if it's helpful to the Court, I have a series of cases from throughout the country that have all held precisely what you've said, including two that quote the frontal lobotomy comment.

THE COURT: That's the Seventh Circuit case.

MR. GONZÁLEZ: Correct.

THE COURT: I have that already.

MR. GONZÁLEZ: There are a number of other cases, Your Honor, that follow the same basic rule, including starting off with *Winston*, which is a case that you've cited in one of your orders in this case. You've cited the *Winston* case out of the Ninth Circuit that actually, Your Honor, is very much on point. Because what happened in *Winston* was it dealt with a tape recorder and a tape recorder speed. And a couple of employees left 3m and formed their own company. And they created a machine that functioned just as well as 3m's machine.

And the Judge in that case issued an injunction that included the following phrase, that the employees couldn't --

quote, "knowledge of what not to do and how not to make the same mistakes," unquote, was something the Court said was a trade secret; knowledge of what not to do and how not to make the same mistakes. The examples you're talking about. That's what the judge said in that case.

And the Ninth Circuit says, no, no, no, you've got it wrong. That part cannot stand. Because, the Court said, the general approach and the basic mechanical elements are not protectable trade secrets.

And then the Court went on and it said this:

> "The only practical way of enforcing the broad injunctive provisions here challenged would be to prohibit former Mincom employees from engaging in any development work in this area at all. They simply could not exclude their knowledge of what not to do and why Mincom's machine was built as it was from any development work they might now attempt involving the general approach and basic mechanical elements of the Mincom machine."

It's what you've been saying. They understood. And there are two ways to do something. And if you know one of them is going to blow up in your face and explode, you can't possibly be expected to have to do that at your next job. You obviously are able to use your general -- here's what the Court said:

> "Employees cannot be denied the right to use their general skill, knowledge, and experience even though

acquired, in part, during their employment by plaintiff."

And that, Your Honor, is a standard that's been used by courts throughout the country.

I can very briefly give you --

THE COURT: Let me get the name of the decision again.

MR. GONZÁLEZ: Can I hand it to you, Your Honor?

THE COURT: That would be even better. I think I've read this one, but I don't remember for sure.

MR. GONZÁLEZ: Do you mind if I hand you four? They're all good.

THE COURT: What?

MR. GONZÁLEZ: I have four cases, Your Honor, that I want to talk about just briefly.

THE COURT: Give me -- no. Just give me the one you were talking about.

MR. GONZÁLEZ: The one I referenced, Your Honor, was *Winston*, from the Ninth Circuit.

THE COURT: 1965. *Winston versus 3m*, 1965. Is this the Browning decision? Yes. I read this.

MR. GONZÁLEZ: You did. And you cited it in one of your prior orders in this case, so I know you're familiar with it.

And I'm raising it because it is as close as we can get to the point that you're raising. And it's out of the Ninth Circuit, which, by the way -- I may be wrong about this, but I

think now we're back in the Ninth Circuit, now that the patent claims are out of the case, for whatever it is worth.

In any event, Your Honor --

THE COURT: No, I don't think that's right. I think the rule is that if there ever was a patent claim anywhere in this case, for a split second, it goes to the Federal Circuit. Unless the law on that has changed.

MR. GONZÁLEZ: That's what I understood.

THE COURT: But I don't care.

MR. GONZÁLEZ: I don't either, Your Honor.

THE COURT: They would apply Ninth Circuit law.

MR. GONZÁLEZ: They would regardless.

Your Honor, what I want to do, just briefly, because you say we're not helping, I would like to try to help. I've got three or four other very good examples of situations where other courts have come out the same way on this very important issue. You've already cited --

THE COURT: Let's hear the second one. The Seventh Circuit I know about. What else do you know?

MR. GONZÁLEZ: The Seventh Circuit one is *AMP*. Would you like a copy of that?

THE COURT: That's the Seventh Circuit.

MR. GONZÁLEZ: Seventh.

THE COURT: I have a copy of that one. I don't need that.

What's the next one?

MR. GONZÁLEZ: Okay. The next one, Your Honor, is I wanted to give you a couple of examples from other courts.

So we have a case from the Idaho Supreme Court. Would you like to see that?

THE COURT: All right. Let's see it.

While you're doing it, go ahead and hand up the Seventh Circuit. Even though I read it, I would like to get the one that has your highlighting in it.

MR. GONZÁLEZ: The Seventh Circuit case is *AMP*.

Then, Your Honor, I want to hand you up from the Idaho Supreme Court Northwest.

THE COURT: Okay. What else?

MR. GONZÁLEZ: Then, Your Honor, I'd like to hand you a case out of Texas describing Texas law.

The point that I'm making is that this is the law throughout the land.

THE COURT: You have four. You've got Ninth Circuit, Seventh Circuit, Idaho, and Texas. Is that throughout the land?

MR. GONZÁLEZ: Well, that's different geographies.

THE COURT: Okay.

MR. GONZÁLEZ: And, Your Honor, you'll see the language we cited quoted there.

And then I want, also, to call your attention to a couple

of cases out of California, including a case called *Argo*.

THE COURT: Look --

MR. GONZÁLEZ: Is that enough?

THE COURT: No, no, no, I want -- I do want California law. That's what we're basically applying here. So give me your best California decision.

We need to take a break soon for our court reporter. So we will in -- I'm going to give the other side a chance to talk first. Go ahead.

MR. GONZÁLEZ: So, Your Honor, I have two. Hard to say which one is the best.

I'll hand you Judge Ishii's opinion out of Fresno, which is a case called *Agency Solutions*.

If you would like to see it, I also have a case from the Central District.

THE COURT: What's the name of that one?

MR. GONZÁLEZ: *Argo*.

THE COURT: I don't know. What you highlighted is not so much on point in the *Agency Solutions* case.

So give me your next one.

MR. GONZÁLEZ: This is *Argo*.

And of the *Agency Solutions* case, Your Honor, what I like about it is it talks about know-how, that an employee can use his or her know-how at a new job.

THE COURT: All right. Let's hear from the other side

for a moment. Go ahead.

MR. PERLSON: Well, first of all, on the *Winston* case, if you look at the -- the CEB, the Continuing Education Book, I think that you had cited in one of your recent --

THE COURT: Right. My law clerk has it right over there.

MR. PERLSON: It actually says in the section on negative information --

THE COURT: Please hand it to the clerk.

MR. PERLSON: -- that *Winston* -- that the Uniform Trade Secret Act overrules *Winston*. And it says that on page 11, that you have.

Now, it doesn't cite a case for that, but it's noting the proposition which is, I think --

THE COURT: It does say -- this is interesting. Down at the bottom of page 11, "Note: The UTSA" -- that's the -- Uniform Act -- "overrules *Winston Research*, which held that negative information is not protectable."

MR. GONZÁLEZ: And there's no citation and no court has held that, Your Honor. *Winston* has been cited some 85 times.

THE COURT: Well, what part of the legislative comments to the UTSA --

"Definition of 'trade secret' includes information that has commercial value from a negative viewpoint. For

example, the results of lengthy and expensive research which proves that a certain process will not work could be of great value to a competitor."

When it says "legislative comments," what legislature is that?

MR. PERLSON: I think that's the comments to the Uniform Trade Secrets Act, when it was released. But I'm not positive exactly. It says "comment to cc." I can track that down. But I'm not positive whether that's the comments in relation to the folks who developed the UTSA or the California legislature when they adopted it.

I do have another case from California.

THE COURT: All right. Let's see.

MR. GONZÁLEZ: Your Honor, while he's handing you that, I don't think that this note that he just called your attention to even fairly characterizes *Winston*. I don't think that *Winston* held that negative information is not protectable.

But having said that, there is no case, state or federal, that even suggests that *Winston* is no longer the law.

MR. PERLSON: Well, I think that that's basic -- well, I think that that comment is instructive to the extent that *Winston* can be read to suggest that there's no negative trade secrets, it's wrong. And that's the point that's being made here. And it doesn't even seem to be conceded.

What you've seen from defendants are just a series of

cases that, kind of like, make some general points about, you know, general things you can keep on doing. Dah dah dah dah dah. You know, you can't erase your mind of everything.

And none of that, I think, is really directed to the specific point we're dealing with here, which is, you know, if there are specific trade secrets, you know, can you prevent somebody from using them? And the law is that you can.

And here's one more -- I don't think I passed this one up.

THE COURT: What was the negative information in the *Winston* case that was so much in -- that was controverted?

MR. PERLSON: I don't have that at my fingertips.

MR. GONZÁLEZ: And, Your Honor, I submit that when we have the Ninth Circuit on one hand and a footnote in a treatise in another, that there isn't much of a question as to which path this Court should follow. With all due respect to the CEB and lots of panels.

MR. PERLSON: I think --

THE COURT: What is this you handed up? *Courtesy* --

MR. PERLSON: *Courtesy* --

THE COURT: Yeah, *Courtesy*. What's the part you want me to read there?

MR. PERLSON: If you look at -- it's page 5 and 6 in the highlighted areas. And it talks about how -- you know, the definition includes negative trade secrets and where there's a commercial value from a negative viewpoint.

And then it goes on in the next page and talks about how the concept of negative research was emphasized in the case of *Hollingsworth Solderless Terminal Co.*.

THE COURT: So would you all agree with this, that it looks like one way to reconcile all of this is to say the negative is a -- can be a trade secret when it is acquired by lengthy and expensive efforts?

MR. GONZÁLEZ: Your Honor, that statement is made in the context of a customer list. And, in fact, almost every case that they cite is a customer list case, which is not an issue in this case and which we don't dispute.

What they're saying there is that if a company has a lengthy customer list, you can't do what the branch manager did in that case. The branch manager quit. He set up a competing business. And he just transferred all the customers over to his new business. That's what he did.

And the Court was saying, well, wait a minute. That customer list took a long time to put that together. You can't do that.

We don't dispute that principle. But all of these cases that they're citing, *Greenly*, *Kalmbach*, *Earthbound*, they're all customer list cases. That doesn't work, as these other cases have recognized and as you've recognized, in the Silicon Valley.

That doesn't work because a company can argue that

everything we do is hard and everything we do takes a lot of work. Everything we do takes a lot of effort, or whatever this language is in here. Lengthy and expensive effort.

Everything Google does is lengthy and expensive. Everything. That's what they would argue.

That's not the standard. If that were the standard, you would fall right into the trap that you're correctly pointing out we can't put employees in.

If I'm an employee at -- pick a company -- Intel, and I work there for five years, I'm going to learn a lot of general knowledge in those five years. I'm going to be better when I leave in five years. I'm going to be a better engineer because I'm going to be far more knowledgeable. I may know that a certain type of wood works better than another type of wood.

According to them -- and this one case is talking about a customer list -- as long as they can show that, oh, it took a lot of effort and was expensive, then I can't use that, I can't use that knowledge.

So where am I to go? The Intel engineer who has been there five years. I've learned a lot. And I concede it was expensive. Just what they paid me was a lot of money. Probably half a million; maybe more, a lot more. That's not the standard and that shouldn't be the standard. That standard wouldn't work in the Silicon Valley.

I have one more thing to add. I think it is directly on

point. If you want to do it after the break, we can.

I can demonstrate to you that what they are proposing wouldn't work. They know it wouldn't work. And for that reason, you know what they do? They shared this information that they claim is a trade secret in this case. They share it with other companies. And they have contracts with those other companies on what they can or cannot do with that information.

And the language of those contracts, Your Honor, is very consistent with the language in these cases that I've shown you. And it's completely inconsistent with what they are arguing now.

You see, Your Honor, there's two problems. Not only can the employee no longer move, but if the law were as strict as they are now arguing, the Silicon Valley couldn't function because we always share our secrets with other companies. Always. And there's always a NDA. And the NDA has to have language on what they can and cannot do with that information.

I want to show you, Your Honor, just one NDA.

THE COURT: No.

MR. GONZÁLEZ: It's right on point.

THE COURT: You usurped Mr. Perlson's time.

I wanted to give you a chance to finish, and Mr. González jumped in there.

Then we're going to take our break.

So you finish up your presentation on this point.

MR. PERLSON: Well, Your Honor, I think that what we've just heard really demonstrates my point, which is that the arguments that we're hearing are really just jury arguments.

If they want to argue to the jury that the negative trade secret we have is not a trade secret because it's just they're tools, and that sort of thing, then they can argue that.

As I mentioned before, we think that the -- the tentative -- the further tentative jury instruction on trade secret misappropriation, and the suggestions that we have to it, have the correct balance to address these very concerns that we're talking about.

THE COURT: Did you all try to meet and confer on this jury instruction?

MR. EISEMAN: We had discussions about exchanging proposals, but we never ultimately exchanged proposals on it, Your Honor.

THE COURT: You failed to do what I asked. You didn't actually sit down at a table and argue it out.

MR. EISEMAN: With respect to number 4, that's correct, Your Honor.

THE COURT: Well, I certainly -- I think between these two -- just between the two of you standing here, three of you, you know the issues so well. You will come up, if you tried, with a better instruction than I could give. But you're not

doing it, so I regret that.

MR. EISEMAN: Your Honor, as Mr. Perlson said, we think that your further tentative jury instruction got pretty close to striking the right balance.

And our proposed changes in the document we filed on November 3rd, we believe, takes this Court to where it needs to be on this issue, because it is a balance.

THE COURT: Maybe. I'll go look and see. We need to take a break now.

Wait. Ms. Dearborn wanted to say something.

MS. DEARBORN: Just a quick point on the meet and confer, Your Honor. We actually did propose language to Waymo regarding this issue on number 4. We proposed a modification to TGI5.

THE COURT: All right. We're going to come back and continue in a minute.

We've got to deal with reasonable royalty, willfulness, malicious, Ottomotto LLC, how we can tidy up the instructions in this case.

Okay. We'll see you in 15 minutes. Thank you.

MR. GONZÁLEZ: Thank you.

(Recess taken at 9:51 a.m.)

(Proceedings resumed at 10:10 a.m.)

THE COURT: Let's go back to work. Let's go to reasonable royalty.

MR. BULAND: Your Honor, before we jump into reasonable royalty --

THE COURT: Your name is?

MR. BULAND: Cory Buland, Susman Godfrey, Your Honor.

THE COURT: Wait a second. Let me get my list of lawyers.

Cory Buland.

MR. BULAND: Yes, Your Honor.

THE COURT: Okay. Go ahead.

MR. BULAND: We moved past question number 3. I understand the offer of proof involves a lot of technical information that we're not going to discuss today, but I did want to raise an issue with Your Honor just so you're aware of it.

THE COURT: Fine. Go ahead.

MR. BULAND: And that's that one of the theories that was disclosed in the order of proof was this theory that Uber had disclosed trade secrets to its vendors. The first time we heard of it. It was never disclosed previously. There was no discovery on it. And, in fact, there are three interrogatory responses that should have had that and did not. And I would be happy to provide you with those interrogatories.

THE COURT: Wait a minute. It's going to take me a minute to digest what you just said.

You're saying that the theory of disclosure to vendors by

Uber should not be permitted at trial on account of failure to answer interrogatories about that point?

MR. BULAND: And failure to disclose in any way that would have made us aware of it, take discovery on it and develop a defense on it.

THE COURT: Well, this has nothing to do with instructions, but I did ask the question. So, okay, give me your -- give me a very short version of what interrogatory called for this information and was not answered properly.

MR. BULAND: Sure, Your Honor.

The first is Interrogatory No. 28, where Uber asks separately for each alleged Waymo trade secret.

"Describe in detail how Uber Otto's acquisition, use, or disclosure of such trade secret was a substantial factor" --

THE COURT: Wait. Wait. Wait. Read slower.

MR. BULAND: Sorry. I can hand these up if you would like to read along with me.

THE COURT: No. Just read it to me, please, but slower.

MR. BULAND: (Reading)

"Separately, for each alleged Waymo trade secret from plaintiff's list of asserted trade secrets, pursuant to California Code Civil Procedure 2019.210, describe in detail how Uber Otto's acquisition, use, or disclosure of

such trade secret was a substantial factor in causing Waymo's harm or Uber Otto's unjust enrichment, including identifying whether the alleged act was acquisition, use, or disclosure, and identifying all documents by Bates number that relate to this allegation."

And the answer for each of the trade secrets at issue was:

"The risk that defendants will disclose Trade Secret" -- I have right in front of me -- "Number 2 is another substantial factor in causing Waymo harm, although not one that Waymo can necessarily quantify.

"Defendants have already begun making regulatory filings" --

THE COURT: Wait. You're going too fast. Read it more slowly. For some reason, when you go fast I just can't hear all the words clearly.

MR. BULAND: Sorry, Your Honor.

"The risk that defendants will disclose Trade Secret Number 2 is another substantial factor in causing Waymo harm. Although, not one that Waymo can necessarily quantify."

"Defendants have already begun making regulatory filings that reference Waymo's trade secrets. And if defendants continue using Waymo's trade secrets in their self-driving car endeavors, there would likely be additional filings disclosing other aspects of Waymo's

trade secrets.

"Improper disclosure of trade secrets is, of course, a classic injury because such disclosure destroys trade secrets altogether."

That's the only thing about disclosure in the answer there. Nothing about vendors.

THE COURT: Okay. Hold that thought.

Is that correct, Mr. Jaffe?

MR. JAFFE: Do you have a copy of the interrogatory response?

This is the first we're hearing of this argument from them.

THE COURT: Well, take a quick look. I'm not going to make a ruling on this right now. I just would like to --

MR. BULAND: Your Honor, would you like a copy for your records?

THE COURT: Sure. Give it to me.

MR. JAFFE: Counsel just handed me an 18-page response to supplemental interrogatories that I haven't had a chance to review.

But just as a starting point, this Interrogatory 28 is talking about "substantial factor in causing harm." At least my reading of what this is asking about is asking about injunctive relief, and is really a remedies-related --

THE COURT: Which question are we focusing on?

MR. JAFFE: Well, this is Interrogatory No. 28, that Counsel had just read.

I think -- if I can just back up for a second and make two brief points. Number one is, the trial exhibits that we've disclosed, these are ones that we used and I used with their experts, their fact witnesses repeatedly. And we cite in here discussion of them sending these documents to their experts.

If they want to object on the basis of these documents coming into evidence at that time, with the idea they weren't disclosed in discovery, which they were --

THE COURT: Wait. Were they disclosed in the Rule 26(a) initial disclosures or supplements thereto? That's got to be done too.

MR. JAFFE: I don't see how these specific documents would be required to be disclosed in a Rule 26(a) initial disclosures.

THE COURT: Well, if you want to use it at trial, you've got to disclose it in Rule 26.

MR. JAFFE: Witnesses.

THE COURT: That's what the rule says. Witnesses and documents.

MR. JAFFE: Yeah. I mean, categorically --

THE COURT: Categories of documents, yes. It doesn't have to be specific documents. Like, you can say in an employment case, "the employment file." That's okay. That's

good enough.

But it has -- or you could have said in this case, communications to vendors, or things that might have picked it up, but in some fair way. In the disclosure itself, they've got to be on notice. That's how they decide who to take depositions of is what's in those disclosures.

MR. JAFFE: Our categories of information, I'm pretty sure, included things -- I don't have it at the tip of my fingertips, but included evidence of misappropriation, including disclosure. But I don't have that in front of me, so I don't want to represent that one way or the other without looking at it.

What I can -- what I can tell you is, these are Uber documents, not our documents, that we received in discovery and we're asking them about. And there's no sort of surprise as to the vendor issues here.

If Your Honor remembers, this all started when one vendor erroneously sent an email to us. So the idea they haven't known about vendors is -- is a nonstarter. That's what kicked off this case.

THE COURT: Look. We're not going to solve this problem today. Thank you for bringing it to my attention.

I'm not making any ruling about whether or not the disclosures were adequate or the interrogatory answers were better. But I do want to say one thing to Uber was "a

substantial factor in causing" was a qualifier. So you --

MR. BULAND: Your Honor, there's another interrogatory that actually says:

"Describe all instances in which the trade secret or Waymo LiDAR device containing the trade secret was publicly or otherwise disclosed to third parties. And identify all documents concerning" --

THE COURT: That one is more on point.

MR. BULAND: And they say nothing.

THE COURT: Well, where is that one?

MR. BULAND: It's interrogatory No. 8, Your Honor.

THE COURT: Did you give me that one? Why didn't you start with that one? Why did you start with one that has --

MR. BULAND: Your Honor, I started with that one because that's the only one where their disclosure actually appeared in response. And the actual interrogatory is:

"Separately, and for each alleged Waymo trade secret identified in response to interrogatory 1" --

THE COURT: I'm sorry, which one of these do I look at?

MR. BULAND: I'm sorry. It's number 8, Your Honor.

THE COURT: Number 8. It goes from -- here's 8. All right.

MR. BULAND: We tried to save a few trees.

THE COURT: It says "Uber does not dispute."

See. You're saying that there's no -- well, they do refer to the gorilla circuits here. That's a disclosure; right?

MR. BULAND: Your Honor, I think near the end of this, the disclosure, it says:

"Waymo is not aware of any instances in which the trade secrets identified in response to Interrogatory No. 1 or any Waymo LiDAR device utilizing the trade secret was publicly or otherwise disclosed to third parties."

THE COURT: I must be looking at the wrong place. I'm looking at page 14. Bottom of 14.

MR. BULAND: Sorry, Your Honor. Page 185.

THE COURT: You didn't give me --

MR. BULAND: Objection number 8.

THE COURT: Interrogatory No. 8 incorporates its general objections. Many objections.

Okay. Was there ever any supplement to this?

MR. BULAND: Not that I could locate, Your Honor. I looked for any further --

THE COURT: All right. What is your response to this one?

MR. JAFFE: Your Honor, I think a fair reading of this one, and our interpretation of it when we were responding, is this is asking whether we publicly disclosed anything. And that's how we responded. This is asking, did you disclose this thing publicly or to third parties? And our answer is, no, we

didn't.

THE COURT: Well, were the other ones that surround, like, 7 and 9, were they related to the validity of the trade secret?

MR. JAFFE: I'm sorry?

THE COURT: In other words, what leads you to believe that the passive tense that was used here was Waymo?

MR. JAFFE: We were focusing on the word "publicly." And the parenthetical says "or any Waymo LiDAR device using the trade secret." This is talking about us, Waymo.

MR. BULAND: They didn't even disclose their own vendors, if that was the interpretation.

THE COURT: Why didn't you, when you framed your own interrogatory, say "Identify all instances in which Uber" --

MR. BULAND: That would have been another way to do it, Your Honor. I agree that might have been even more clear.

THE COURT: I don't have an answer for you. But I don't -- there we go. We've got to move on.

Okay. Now we go to question number 5, on reasonable royalty. "Does the judge or jury decide reasonable royalty?"

MR. EISEMAN: The jury does, Your Honor.

THE COURT: Is there a decision right on point?

MR. EISEMAN: Under the California Uniform Trade Secret Act we cite Your Honor. We've cited this case in our critique. It's *De Lage Landen versus Third Pillar Systems*.

It's an Eastern District of Pennsylvania case.

THE COURT: Okay. And I'm looking at that.

MR. EISEMAN: If you look -- I didn't highlight the first sentence, but if you take a look at the first sentence of the opinion, Your Honor, it reads:

"Before the court for resolution is the question whether plaintiff's damage claim for reasonable royalties under the California Uniform Trade Secrets Act is to be decided by a judge or by a jury."

And applying Seventh Amendment jurisprudence, the Court goes through, on pages 2 and 3 of the opinion, the two-step process, determining whether there's a Seventh Amendment right. And on the last page of the opinion the Court concludes as follows:

"In sum, the Seventh Amendment to the Constitution guarantees Third Pillar the right to a jury determination of reasonable royalties under the CUTSA."

And so it's right on point, Your Honor. It's an Eastern District of Pennsylvania decision, but it's on point.

THE COURT: And it's attempting to apply California law?

MR. EISEMAN: It is, Your Honor.

THE COURT: So it is exactly on point; although, it's not a Ninth Circuit decision.

So what do you say to this decision?

MR. BULAND: Your Honor, let me start by saying we agree that the jury should be instructed on the issue of reasonable royalty. Although, Your Honor can always treat it as advisory under rule 39.

THE COURT: Wait. I didn't hear the last sentence. Say it again.

MR. BULAND: Your Honor could always, after the trial, revisit it and treat it as advisory, if there is actually a reasonable royalty ruling.

But we don't think that there's enough evidence in this case to present a reasonable royalty to this jury. So we don't think Your Honor --

THE COURT: Why would you say that? I haven't heard the evidence yet. We don't know until we hear the -- you know, you lawyers think you can't prove anything unless there's an expert.

MR. BULAND: Your Honor --

THE COURT: That's not true.

You know, in the old days, lawyers actually could try cases with a fact witness. They didn't have to have mouthpieces on both sides to prove up everything.

And so the fact witnesses can prove up reasonable royalty. Maybe. I don't know. I haven't heard the evidence yet.

MR. BULAND: Your Honor is right that you don't need an expert in every case. You've got a reasonable royalty case.

We agree with that.

But there are some cases where there's not enough evidence for a jury to render a nonspeculative opinion.

Waymo has now submitted an order of proof. When we had the interrogatories and all the fights over disclosures of the damages earlier this year, they said, We're going to have an expert do it. We're going to have an expert do it.

The expert did it. He got struck.

Now we have a new disclosure about how they'll prove the reasonable royalty. There is nothing in that disclosure that would let a jury render a nonspeculative award about the amount of reasonable royalty. And the Ninth Circuit says juries don't get to do that.

THE COURT: Ninth Circuit says what?

MR. BULAND: Juries don't get to render speculative awards like that.

And there's a case almost directly on point. It's in the copyright context, but it's dealing with the hypothetical license which is analogous. That case is *Oracle versus SAP*.

THE COURT: I think I read that one. You cited that in your earlier brief. Okay. That's copyright, Ninth Circuit. All right.

MR. BULAND: Your Honor, and there's also another case -- so that's copyright.

THE COURT: What does the statute actually say? I

thought the statute said something like that if you can't prove unjust enrichment, then you turn to reasonable royalty.

MR. BULAND: That's exactly --

THE COURT: Is that the way it works under both statutes?

MR. BULAND: Your Honor, that's exactly how it works under the CUTSA. That's what the language says. Just paraphrase.

The DTSA is ambiguous. But both houses of Congress said that's how we want it to work, as a remedy of last resort.

THE COURT: Wait a minute. I understood what you meant on California. You're saying that under the federal statute it's ambiguous.

Somewhere up here I actually have the federal statute. But I've got too much paper now, and I can't find it.

All right. Hand it up to me.

What you've handed me is 18 U.S.C. 1836. What part do I look at?

MR. BULAND: Remedies are on the last-to-back page, Your Honor, the fully back page.

MR. EISEMAN: Item 3 large B, Your Honor.

THE COURT: Okay. Under B it says:

"Award - Damages for actual loss ... 2, damages for unjust enrichment ..." Wait. I should back up. "Damages for actual loss ... and damages for unjust enrichment ...

or in lieu of damages by any other methods, the damages caused by the misappropriation measured by the imposition of liability for a reasonable royalty for the misappropriator's disclosure or use of the trade secret."

So it does seem that under the federal statute, you either get damages measured by unjust enrichment and actual loss or damages measured by reasonable royalty, but not -- you don't get all of them.

MR. EISEMAN: That's correct, Your Honor.

THE COURT: Correct?

MR. EISEMAN: That's correct, Your Honor.

THE COURT: So you agree with that. okay.

You tell me, what is the point of disagreement between you two?

MR. EISEMAN: I think there is no point of disagreement.

I guess that there's a jury trial right, which is what I thought we were talking about here. And then I heard Mr. Buland say we're not going to be able to make proof of reasonable royalty to get damages.

But we've submitted an offer of proof. Your Honor is going to instruct the jury on reasonable royalty factors. And there's going to be plenty of evidence from which a jury can find --

THE COURT: And we use the *Georgia-Pacific*, is that --

MR. EISEMAN: That's correct, Your Honor.

THE COURT: Both sides agree that it goes -- that if the jury decides *Georgia-Pacific* factors should apply?

MR. BULAND: Your Honor, if there was enough evidence to give that instruction, we agree with the one previously submitted on the *Georgia-Pacific* factors, yes.

THE COURT: Okay.

All right. You say on the Uber side that it would be advisory and for the judge to decide. It would be an advisory verdict on reasonable royalty?

MR. BULAND: Your Honor, it may be we think that -- the issue, frankly, has only come up in a few District Court cases. They all, candidly, have gone Waymo's way outside of this Circuit.

It comes down to a constitutional issue of whether or not California statute and the federal statute, which do commit reasonable royalty to the Court, pass Seventh Amendment muster. And it's a close question.

THE COURT: Wait a minute. That was too many compound -- wait. The federal commits it to the judge, you're saying?

MR. BULAND: Yes, Your Honor.

If you turn to the previous page, it talks about a court may. A court -- it says a court may do these things. And when it says that, the question of whether there's a jury right just

is a straight Seventh Amendment analysis.

THE COURT: Well, it says: A court may, A, grant an injunction; and then, B, award. Then it says "damages."

So it's true that an injunction is by the judge. But damages would normally be by a jury.

I don't get -- what is your argument? That under the federal statute the judge should decide reasonable royalty?

MR. BULAND: Well, the question is whether the Seventh Amendment compels it. That's the question when a statute is silent, is whether the Seventh Amendment compels it. If it compels it here, it also compels it in California, rendering the CUTSA provision unconstitutional.

And we think the Court should hold off on the final determination and doing the Seventh Amendment analysis, out of constitutional avoidance, until we get to that point after trial.

THE COURT: Wait. You would let the jury decide it as if -- as if the jury should decide it?

MR. BULAND: Yes.

THE COURT: Then if you lose, you want to argue with me that I should substitute my judgment.

MR. BULAND: We may argue that, Your Honor. But, candidly, we haven't found any authority contrary on this issue.

THE COURT: Maybe that's the way we go, but --

MR. EISEMAN: Could I make one point --

THE COURT: Please, go ahead.

MR. EISEMAN: -- with respect to the federal statute?

Your Honor, there is no case under the DTSA deciding whether there's a Seventh Amendment jury trial right.

But the DTSA was modeled after the USTA. And I can give you legislative history to that effect, but I don't think the defendants dispute that.

And there are Seventh Amendment cases under the UTSA -- and I'll hand up one to Your Honor -- specifically saying there's a Seventh Amendment right to have reasonable royalty damages decided.

And so we think that, in effect, under the DTSA, the exact same Seventh Amendment jurisprudence would govern.

This is *MSC Software Corp. versus Altair Engineering*.

If you look down -- again, I didn't highlight the beginning of this, but at the bottom of the first column the Court writes: "MSC contends" --

THE COURT: You highlighted virtually every paragraph here. Okay. All right.

MR. EISEMAN: In the first column:

"MSC contends that it is entitled to a jury trial on all aspects of its misappropriation claim, including all of its theories of damages which encompasses a reasonable royalty and unjust enrichment. The Court agrees with MSC.

The reason follows."

And then the Court goes through a Seventh Amendment two-prong analysis and concludes that under the UTSA, which was the model for the DTSA, there is a Seventh Amendment jury trial right on this issue.

THE COURT: Okay. All right. Let's move to the next topic.

MR. BULAND: Your Honor, I just wanted to make -- if I could indulge for one minute -- make one more point about the ability to present this case to a jury on the reasonable royalty cases. It's important for another reason that I just wanted to flag for Your Honor.

There's a lot of the evidence they cite in that offer of proof; in fact, almost all of it. They make no attempt to apportion it. They make no attempt to tie it to the trade secrets at issue.

And Your Honor is very familiar with the Federal Circuits' line of cases about -- *Laser Dynamics* and others, that say you can't just lob these big numbers at a jury, say, they'll think of something. It will pollute the verdict irrevocably.

And so I think it is an issue that should be addressed before they start introducing these large numbers, which is basically our entire reasonable royalty case, of which they still haven't apportioned in any way.

Rule 26 says they need to give us a computation of their

damages. It's right there in the rule. They never did at the beginning of the trial. Their interrogatory never computed a reasonable royalty. They said, well, an expert would do it. The expert is gone. Their order of proof still doesn't do it.

They haven't shown any way to compute a reasonable royalty. And if you don't have a way to compute it that's not speculative, it shouldn't go to the jury. And we shouldn't have to deal with all these problems that will be introduced by their evidence on reasonable royalties, these billions and billions figures.

THE COURT: Okay. Would you like to respond or not?

MR. EISEMAN: Certainly, Your Honor.

First of all, respectfully, we don't agree with Your Honor's decision with respect to Mr. Wagner, but you've made the decision. And you were very clear in your order that we would still get to put on a damages case based upon documents and witness testimony. And we intend to do that.

And they'll get to cross-examine the witnesses presenting documents and testimony; and we'll cross-examine theirs; and the jury will be instructed.

THE COURT: I was mainly talking there about the unjust enrichment damages. I don't think I even got into reasonable royalty. But I'm not going to rule on that now.

The general principle still applies. Though, on the facts of this record, it may -- I don't know the answer yet. But the

general principle is, you do not have to have an expert prove reasonable royalty.

Let's just take an easy case. Let's say that you had -- you had a patent case where the accused had sent a letter offering to pay 2 percent royalty. And you had a pattern and history where the company in question, the patent owner, had licensed the very same technology for 2 percent to many people. It would be a no brainer for the jury to award 2 percent. You don't have to have an expert say that it's a reasonable royalty. It would be perfectly okay. So the idea that you have to have an expert prove everything in a case is wrong.

Now, do I know that our case is that simple and straightforward? It's probably not close to that. However, there could be -- I'm not prepared to say there's not enough admissible evidence that a jury could find a reasonable royalty here.

All right. So we're not going to -- I'm not going to rule it out just on the fly like that.

Yes, go ahead.

MR. BULAND: Your Honor, I think the *Oracle* case we handed up, they said on remand you can't present this to the jury because there's no way to calculate a reasonable royalty from this.

It's not speculative. They had a lot of the same numbers. Internal sales projections, the size of the theft, and things

like that.

THE COURT: After I hear it, I can maybe rule it out before it goes to the jury.

MR. BULAND: But once we're at that point, Your Honor, they will have introduced all these billions and billions they want to talk about. The Federal Circuit says, once that's in, the verdict is compromised. Once they've shown --

THE COURT: I don't believe that's what the Federal Circuit -- that's not the way you try a case. That's not the way you can possibly try a case. You're saying a judge has got to sort it out in every case -- has got to sort out the damages numbers ahead of time, in every case, and not actually hear the evidence?

MR. BULAND: No, Your Honor.

THE COURT: It's impossible and immoral to do that.

MR. BULAND: I'm sorry to interrupt, Your Honor.

That's why Rule 26 says the plaintiffs have to compute damages. That's why interrogatories say you compute it. And we have a chance to see.

We still don't have a royalty number. We still don't know if it's a running rate, a lump sum. There's no way to calculate it.

THE COURT: Well, that's because you knocked out their expert.

MR. BULAND: Well, they still need to disclose under

Rule 26 what it is. They have an offer of prove. There's still no royalty.

THE COURT: I'm not knocking it out upfront. I may knock it out at Rule 50 time, but I'm not knocking it out --

MR. BULAND: Your Honor, may we still object at trial to these specific damages figures that we do think are objectionable under --

THE COURT: Object away. Object away. Maybe one or two of them you will sustain it on a case-by-case basis.

But it's impossible to try a case the way you want to try the case. It's -- no. No. No more on this.

We're going to number 6. "Definitions of 'willful' and 'malicious.'"

MR. EISEMAN: I have good news for you on that one, Your Honor. We have an agreement with the other side. Can I hand it up?

THE COURT: You may.

Is this Ms. Meredith Dearborn?

MS. DEARBORN: Yes.

THE COURT: Are you the one responsible for this agreement?

MS. DEARBORN: I will take credit for it, Your Honor. Although, obviously --

THE COURT: You are a model for the rest of the lawyers in this room who can't agree on anything. Thank you

for this.

MR. EISEMAN: Do I get 50 percent credit?

THE COURT: No, no.

MS. DEARBORN: I was just going to offer that, Your Honor.

THE COURT: That's why she's able to reach an agreement, because she's so reasonable.

Okay. Go ahead.

MR. EISEMAN: We based this jury instruction on CACI 4411. And we modified it -- the parties agreed to modify it only so that it fit the tenses that you used in your tentative jury instruction 19.

CACI talks about "willfully and maliciously." And Your Honor's language was "willful and malicious." So we just modified the tenses.

If you want authority beyond CACI 4411, to support Your Honor giving this instruction --

THE COURT: 99 percent I'm going to give it exactly this way. But if I do anything, it will be a minor tweak, so it will only be to fit the verb tense.

MR. EISEMAN: For the record, if you want a case supporting giving this instruction, it would be *Ajaxo versus E-Trade*, 135 Cal.App 421 2005.

THE COURT: Thank you.

So next question. Why do we even need Ottomotto LLC in

this case? Why can't counsel tidy this up for the jury?

Okay. What do you say to that?

MS. DEARBORN: So, Your Honor, we proposed to Waymo that Ottomotto be dismissed from the case. They declined to stipulate to that.

I think that the parties cannot reach a stipulation on this front. And so because they are different legal entities, and plaintiff has chosen to sue both legal entities separately, and indeed, Your Honor, plaintiff's proof in many ways depends on legal entities being separate, we think that the jury needs to be instructed on them both and to have separate jury verdict forms.

THE COURT: Well, tell me this, does Ottomotto LLC even exist anymore?

MS. DEARBORN: Yes, Your Honor.

THE COURT: It does?

MS. DEARBORN: Yes. That is my understanding.

THE COURT: Who owns the stock in that?

MS. DEARBORN: My understanding -- and forgive me, Your Honor. I do not have documents in front of me, and I don't want to misrepresent anything to the Court. But my understanding is that it's a wholly owned subsidiary.

THE COURT: Who does?

MS. DEARBORN: That it's a wholly owned subsidiary of Uber. But, again, I don't want to misrepresent.

THE COURT: Does anyone over there know for sure?

MS. DEARBORN: Let me just check.

THE COURT: You ought to know that by now. Maybe you have the answer.

MR. PERLSON: That's what I thought, Your Honor.

THE COURT: What?

MR. PERLSON: That it was a wholly owned subsidiary of Uber.

MS. DEARBORN: That appears to be the general impression on our side, Your Honor.

THE COURT: Why do you need Ottomotto LLC in this case?

MR. PERLSON: Well, I think there are a couple of reasons.

One is, there's actually a -- one of the defenses that you've heard from time -- time and again is that none of this, you know, material made it to Uber.

But it did -- you know, really, I don't think there can be any legitimate dispute that the principals of Ottomotto did have these materials and -- talked about at length in the Stroz report.

And so -- and then Uber bought Otto. So part of the entity that acquired trade secrets and used them, that was Otto. And then Uber bought Otto. And Uber seemingly is trying to take the position that they're not responsible for what went

on at Otto and the company that they bought and acquired all its assets and liabilities.

THE COURT: Well, maybe Otto is responsible. But how are you going to prove that Uber is responsible for what a wholly owned subsidiary did wrong?

MR. PERLSON: Well, we'll be able to prove -- we have evidence that Uber has used it itself, also. And then there's also --

THE COURT: That's a separate point. That's a legitimate point if you prove it.

But I'm wondering what individual acts done by Ottomotto that Uber didn't do -- I guess you've got the spider thing. Is that it?

MR. PERLSON: That's part of it. And there's this whole period of time from -- I mean, the misappropriation occurred from when Ottomotto was created through the time in which Uber acquired it.

THE COURT: All right. So let's say --

MR. PERLSON: That's part of the whole story.

THE COURT: I don't know. You're the ones that have to try the case.

But I've seen some things like this in prior cases. So the jury is in the jury room. And they say, okay, they don't have much of a case against Uber, but this Ottomotto group, they're really guilty, so we're going to hit Ottomotto. So

they hit them for a lot of money, but not Uber.

And then Uber just says, okay, they go into bankruptcy. Good-bye Ottomotto. But Uber walks away because they are not the same as Ottomotto. They are a separate entity.

Now, do we need to get into piercing the corporate veil and all that stuff? Has that been in play in the case?

MR. PERLSON: I hadn't anticipated that those sorts of shenanigans would come into play.

(Unreportable simultaneous colloquy.)

THE COURT: -- that's a shenanigan. It could be. But it might also be a legitimate -- corporate veil is sometimes legitimate.

So what I was hoping you all would do is just agree that whatever Ottomotto did wrong, we would eliminate them from the case and tell the jury -- well, we would just say to the Uber, Uber stands behind Ottomotto; and whatever Ottomotto did wrong, Uber will make good on it. Then Uber will be responsible for everything.

That would simplify it for our jury.

MR. PERLSON: Well --

THE COURT: Are you willing to do that?

MS. DEARBORN: No, Your Honor. That would not be an issue for the jury to decide.

The scenarios that I've heard here actually support Uber and Ottomotto being separate on the jury form and in the jury

instructions.

Obviously we don't think any shenanigans are going on. But these are separate legal entities. The theories are separate as to these two entities. And the jury needs a way to express its -- its conception that one entity --

THE COURT: All right. That's the way I'm going to leave it.

But I want you to know, I have seen things like this before. And you good lawyers have too. The jury could wind up Uber wins, Ottomotto loses, and they actually think they are helping the plaintiffs out to award money against a defunct company. And then you get to go home and declare victory, but you get no money because there's no money there. Think about that.

All right. I'm going to leave Ottomotto in. You all won't do what I asked you to do.

I think I have run out of points to bring up.

MR. PERLSON: I think that was the last question.

THE COURT: Say what?

MR. PERLSON: I think that was the last question.

THE COURT: Let me tell you what I would like for you to do though.

By Friday noon, please submit any further objections that you have on the special verdict form.

My pretty strong inclination is that, contrary to Uber, I

am going to ask whether or not the -- either defendant acquired, but it will be a separate -- that's another -- I know that you on -- that's another one that's going to possibly backfire on the plaintiff because the jury could say, oh, we'll split the baby. Plaintiff wins on "acquire," loses on "use." It's a very easy way this case could go.

So you get -- you know, I'm going to do it. I'm going to give you what you want on that. You're going to get a question on "acquire" because I want it for my own purposes. I think it helps the jury keep what the law is straight. I will keep Ottomotto in.

I'm going to try to come up with a good instruction on the engineer mobility problem. I'm going to come up with a good instruction on negative know-how and, also, one on this agency issue with Stroz and Morrison.

But that will not be done -- I'm going to try to get it done before the final pretrial conference, but I can't promise you that I will even have it done by then.

Let's talk a minute about the jury selection. I believe I'm going to do the same procedure that I did in the *Oracle versus Google* case.

And I will have the -- there will be a short questionnaire. The questionnaire will be given only to us -- or only to the lawyers when that person is called forward. So you will not know who the -- what gems or horrors or cases are

waiting in the venire in the back of the room.

The jury office has told me we have plenty of people who say they're available for the case, which surprises me. But we will not run out of jurors. So we will get jury selection done on that date.

And we will -- we will use the -- you stand up. When you exercise your three peremptories, you've got to stand up and say we thank and excuse Mr. So-and-so.

So and then the challenge will go back and forth, so we will all see who you challenged.

MR. GONZÁLEZ: What's your thinking on alternates, Your Honor?

THE COURT: We already decided that. We're going to have ten altogether. We're going to have a jury of ten.

And everything else we already decided at the final -- earlier pretrial conference. So the next pretrial conference will just be those items that we -- I think there are about five or six things that you have brought up recently and that we're going to have to plow through.

There are a couple of things that I owe you, that deal with discovery, stonewalling and so forth. I owe you on that.

Is there any hope that you would agree to back-to-back experts so that experts on the same subjects would go back to back, so it would be clearer to the jury?

So, for example, plaintiff puts on their expert to show

that these are trade secrets, and then that's immediately followed by the other side's expert.

MR. PERLSON: I don't think that Waymo would agree to that, Your Honor, unfortunately. I think that that would involve them putting their experts in our case.

THE COURT: Yeah, it would. It would make it easier for the poor jury to follow it.

What do you say?

MR. GONZÁLEZ: Generally speaking, Your Honor, we might be willing to consider something like that.

THE COURT: You know that's about as --

MR. GONZÁLEZ: Here's the issue.

THE COURT: -- unhelpful, generally speaking you might consider that.

MR. GONZÁLEZ: Can I tell you what the issue is, Your Honor?

THE COURT: What?

MR. GONZÁLEZ: If their expert falls flat, we may decide not to call an expert at all.

THE COURT: I don't believe that. I don't believe that for a second.

They're not going to fall that flat anyway. You might score a point here or there.

MS. DUNN: I think the issue, Your Honor, is that with the 16-hour clock we really have to figure out where we want to

prioritize our time.

So if you'd let us think about this question, that would be helpful.

THE COURT: All right. You think about it for the final pretrial.

I can order it. I don't need your okay. I can just say that's the way it's going to be. But I don't want to do that. I would prefer you agree on this.

I'm telling you, other judges have used this, and they say it vastly improves -- so do we have any members of the press out there?

(Show of hands)

THE COURT: Anybody in the press.

So one of the tutorial points, teaching points is, how do we help the jury understand the case? What are the methods that we could use to help the jury understand the case? So this is one that -- sometimes judges who have more experience than me have suggested back-to-back experts.

So I think I'd like to consider it. But right now I'm not going to order it. I'm just going to say that even though I have the authority to order it, I would like for you all to think about whether or not it should be done.

Okay. I'm about to leave the bench. I don't want to get into any argument on new motions. But if you have a housekeeping thing, I'm happy to hear it now.

Anything you want to bring up?

MR. GONZÁLEZ: So, Your Honor, can I give you -- yeah, one housekeeping is that we filed a motion on Trade Secret number 5.

THE COURT: I am inclined to deny that. You used up -- I gave you one motion in limine, and you used it on something else.

MR. GONZÁLEZ: We did, Your Honor. And we were very candid about that, saying there's another issue that we think the jury would benefit from having it resolved before, but we leave that to your judgment.

THE COURT: I'm thinking I will probably deny that one.

What else?

MR. GONZÁLEZ: The other issue is, one of the cases I was handed --

THE COURT: Let's just say denying you the right to bring yet another motion in limine. That's not to say that some of those evidentiary points are not valid.

Please don't think that I'm ruling that they don't get to raise these things question by question. That would be a different thing.

MR. GONZÁLEZ: Of course.

THE COURT: Yes.

MR. GONZÁLEZ: Just briefly, Your Honor. Just one

sentence. On the case that they handed me, that I didn't have a chance to review, that you liked on the duty to restore stolen property --

THE COURT: Yeah.

MR. GONZÁLEZ: -- I have now read it. I just wanted to note that this is language that comes in a criminal context. And both cases that it cites are criminal cases.

So, as you know, under the Trade Secrets Act, all of the claims are preempted. So this language, in our view, shouldn't apply to this case at all because it's in the context of a criminal case.

And the last thing I wanted to mention, Your Honor, is -- I mentioned this briefly during the argument -- I think it would be helpful to you, when you're trying to decide what the jury should be told about what's in someone's head and whether or not that's a secret, I think it would be helpful to you if you saw -- it's just one sheet of paper -- their standard nondisclosure agreement, because it addresses that exact point.

And it says that they are allowed to use information in their heads. And the only exception is if they intentionally try to memorize it. This is in their NDA.

THE COURT: Show it to me. This is what they show employees or show vendors?

MR. GONZÁLEZ: This is what Google provides to vendors who receive the precise same information that they claim is a

trade secret in this case.

THE COURT: What do the employees have to sign?

MR. PERLSON: Your Honor, this just seems totally irrelevant.

THE COURT: No, I don't think it's irrelevant. I would just say -- I would just say this is only part of the story.

Okay. I see your point. I'll just hold on to this.

MR. GONZÁLEZ: And so my point was that in terms of deciding, you know, what to say to the jury about how they should treat what's in the head of an employee, I think the Court should at least consider what they say to other companies.

THE COURT: No. What the facts are is one thing. What the law is, is another.

So that may be a good jury argument, but it -- this is not -- this is not the law. What Google tells its vendors is not the law necessarily. It's what they impose on their vendors.

MR. GONZÁLEZ: One sentence to fix what I said, because this is the clarification. The point that I'm making with this document is that they understand, themselves, that the law cannot be what they are now arguing that it should be; that everything in somebody's head is a trade secret.

They understand that is unworkable. And so when they

share this information with third parties, even the third parties can use what's in their head, at the end of the day, because they know it would be unworkable to say to the third party, you can't use anything in your head because it's our trade secret.

That's my point.

THE COURT: All right. All right.

Since you got that extra, you want to say anything, have equal time?

MR. PERLSON: Your Honor, I don't think that accurately characterizes our position, which I think is reflected in our proposed jury instruction which I think resolves these issues.

I think we've already had plenty of argument on this, this morning. If there are some specific questions you want me to answer, I'm happy to do so. But I'm not sure how productive it is to reargue what we already did this morning.

THE COURT: Let me ask you another question that I've been contemplating.

I've been thinking about the -- Levandowski. And I'm balancing in my mind two things. One is the legitimate need of the jury or the legitimate interest of the jury in actually seeing him in the flesh on the stand, even if all he does is invoke the Fifth Amendment. I think he's such an important player in the case that the jury should see him.

On the other hand, I think that allowing either side to go on and on with the argumentative questions, knowing that everything he's going to be taking the Fifth, I'm thinking about putting a limit, like 25 questions. So you pick your best 25 on both sides, and ask those questions, and then we excuse him.

I could be talked into a bigger number, a smaller number. But I am probably going to put some limit on how many questions there are. And then that's kind of the balance I'm thinking of.

We don't need to argue that now. But I want to alert you that I'm thinking that we'll take it up at the pretrial conference.

MR. GONZÁLEZ: Can I ask you a clarification on that, Your Honor?

I am assuming that when you say that, you want to put a limit on the questions that we know he's not going to answer?

THE COURT: Yeah. Ones that he does answer, no limit on those. But I'm thinking he won't answer any questions. So I'm thinking that he'll give his name and address, and then he'll start -- now, if it were to be that because he's buddy-buddy with Uber, that he's willing to answer your questions, but he's not going to answer their questions, well, I think everyone would see through that pretty quickly. And he will be ordered, on pain of going to prison, ordered to answer

the reciprocal questions for them.

He's not going to do that. I know you're too good a lawyer to try such a trick. But if he were to answer questions, then those don't count against him.

MS. DUNN: Your Honor, the line that he drew in deposition was he answered questions from anybody who asked about the time before he got to Google. So I don't -- we don't have insight into what his --

THE COURT: Did Google ask questions about that in the deposition?

MR. PERLSON: Not many, Your Honor. So, I mean, what -- if we have this limit, what -- what -- I mean, at least in I think it was the first deposition, what happened was, I asked a bunch of questions. And he answered almost none of them. And then there was, like, a redirect from Uber, that kind of like brought out the history.

Remember the great story that Mr. González told you that --

THE COURT: Yeah.

MR. GONZÁLEZ: -- they had at the beginning of the case?

THE COURT: What's wrong with letting the jury know that great story --

MR. PERLSON: They can ask those questions --

THE COURT: -- motorcycle --

MR. PERLSON: They can ask those questions if they want.

I think that what you're going to see is that if you put some sort of limit on the number of questions that can be asked, that will elicit a Fifth Amendment answer, then it's going to be lopsided so that they can ask more questions than we can ask.

THE COURT: Well, then, the -- well, you could still ask questions about the prior period.

MR. GONZÁLEZ: And they go first. If they want to call him and ask him all his background --

THE COURT: You raise a point. It can't come out looking lopsided. Maybe 25 is too few. But I don't think you should ask -- you put in, like, 3- or 400 questions before. That's way too many. So I don't -- that just allows you to try to prove your case through an adverse inference instead of real proof. And that's not -- that's not fair to the system.

So you -- we need some balance of these competing interests. So be thinking about what a proper limit is.

MR. PERLSON: I take your point, Your Honor. We'll think about it. And we can discuss it further at the pretrial conference.

THE COURT: If you two could agree, I would appreciate it. That would be great.

MR. PERLSON: I can tell you, just as a matter of -- I

think at some point the jury probably wouldn't want to, you know, hear two days of someone saying the exact same thing. So, you know, there's back and forth --

THE COURT: Or even two hours.

MR. PERLSON: Right. Understood.

THE COURT: Even two hours. I would say somewhere around 30 minutes to 45 minutes of "I take the Fifth Amendment" would be plenty.

All right.

MS. DUNN: Your Honor, just to clarify. I think this is implicit based on your prior rulings, but you -- you plan to still evaluate the questions for whether there's been a factual predicate, so that --

THE COURT: I do, yeah.

There's got to be corroborating evidence to support each question. But it doesn't have to be powerful evidence. It just has to be plausible evidence to support it, that's actually going to get into evidence. I don't mean an ex-parte showing to me. I mean something the jury is going to otherwise hear.

Oh, the last thing I want to raise with you, I am concerned about the public and the members of the press and their convenience.

There will be times that we need to clear the courtroom. But I would like to be able to consolidate all of those time

periods into one, two, or three or four limited periods so that members of the public and press don't have to go in/go out, go in/go out. And that will be even more disruptive to the jury.

So we need -- you all need to think of a way to -- for example, if you're going to have -- okay. Today we're going to go through the trade secrets. So we say to the -- well, let's say we announce at the end of the day, okay, tomorrow you might as well not show up because we're going to clear the courtroom for the entire day. That could be one way to deal with it.

But you need to -- you need to help me find a way to make this work for the public and the press. So think about it. It's something that I'm sensitive to. And if it gets out of hand, I may just say, Cover it later; we're not going to cover it now; the press gets to stay, so go to something else.

So you may put me in that box, and I don't want to be there. I want you lawyers to work that out.

All right. I think I've run out of things to go over.

Anything more?

MS. DUNN: Your Honor, there is one thing that I just want to make sure that we have put on the record as part of our argument on the imputation issue, which has to do with this case ***Naftzger***, that they raised. And we don't need to discuss it, but I want to make sure we argued in on the record.

This case refers to a criminal statute about theft. And my -- my legal --

THE COURT: That's what Mr. González said. It's a criminal case.

MS. DUNN: The legal concern that I think we need to put on the record is that importing this Penal Code, the elements of the criminal offense in the Penal Code, risks supplanting the misappropriation statute and the elements that it sets out for what constitutes misappropriation of a trade secret.

And, as you know, the CUTSA and the DTSA preempt these conversion and stolen property statutes. And we've been down the road of those Penal Code statutes in some of our arguments in this case, all of which have been rejected.

And so I know you'll be considering this, but I think it is very important because it is the misappropriation statute element that needs to apply here and need not be --

THE COURT: I asked you to bring me good authorities. And earlier in the hearing I kept saying, Where are your authorities? And Mr. González kept saying they couldn't find any. I said, How hard did you look? And he didn't know. Well, but when we got to the other part of the case, where they -- you had looked pretty hard, you handed up five or six authorities.

Makes me wonder how hard you looked. On the issue that goes against you, you didn't look very hard. And maybe on the one that goes more for you, you did look hard.

So, you know, I've given you a chance to help me find some cases on point. All you're doing is whining about their authorities. They did find some authorities. And now you're saying, well, those were criminal cases, they don't count.

MS. DUNN: Right.

THE COURT: Maybe they do count.

MS. DUNN: Your Honor, I understand that. We can certainly go back.

I do think, since we never saw this authority before, and there may be a substantial legal problem with it, I do think it's important we raise it with the Court. And we take your point --

THE COURT: By Friday at noon you can -- okay. By Friday at noon -- no. You know, the thing is, if I give you that permission, I'll just get a bunch of blather. I don't know if I should give you another authority.

Did you turn this decision over to the other side before the hearing?

MR. PERLSON: I don't think either side was exchanging authorities.

THE COURT: All right. With any of the decisions that you handed up to me, the other side, by Friday at noon, can respond to those decisions only. You can do that by Friday at noon.

Okay.

MS. DUNN: Thank you.

THE COURT: I think we're done.

MR. GONZÁLEZ: Thank you, Your Honor.

THE COURT: Thank you. Have a good day.

MR. PERLSON: Thank you, Your Honor.

(At 11:08 p.m. the proceedings were adjourned.)

- - - -

CERTIFICATE OF REPORTER

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter.

DATE: Wednesday, November 15, 2017

Katherine Sullivan

Katherine Powell Sullivan, CSR #5812, RMR, CRR
U.S. Court Reporter